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Economic Forecasting Center

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BOTH MANUFACTURING WEAKNESS AND ATLANTA STRENGTH DIMINISH

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Recent Activity

As expected, personal income gains in Georgia slowed significantly during the second quarter, but income also slowed sharply nationwide. As a result, Georgia personal income was able to outperform the nation. More weakness than nationally was recorded in the farm sector, where income fell 15.4%. Weakness also was more than national in manufacturing, primarily as a result of earnings in durable goods. Primary metals and the transportation equipment industries in Georgia have begun slowing relative to their counterparts in other parts of the country. Earnings in wholesale trade slowed slightly relative to the nation, but this was more than offset by a continuing surge in earnings generated in retail establishments. Payrolls in the finance sector grew more slowly in Georgia as banking institutions awaited approval of previously announced merger plans. This is expected to be a temporary setback. Military payrolls also declined in Georgia while they grew modestly nationwide.

Offsetting the above weaknesses in earnings were substantial gains in contract construction, transportation services, the previously mentioned retail activity, and private services. Relative weakness in Georgia manufacturing led to smaller declines in unemployment benefits than nationwide during the second quarter. Except for the differences in unemployment benefits, Georgia personal income would not have grown more rapidly than in the nation.

According to the seasonally adjusted employment profile in Table 5, manufacturing weakness continued during the summer, but not to the same extent as earlier in the year. Weakness remained more intent in durable manufacturing than in nondurables, as previous strength in building materials began dissipating. The slide in primary metals slowed but has not yet reversed. However, previous weakness in fabricated metals and nonelectrical machinery may be over. Unfortunately, weakness remains significant in electrical machinery and transportation equipment. Questions concerning future production at the Lakewood auto assembly plant in Atlanta and the attainment of peak employment levels at Lockheed-Georgia suggest that transportation equipment will continue to be a drag upon the Georgia and Atlanta economies through the next two years.

Weakness also persisted in food processing, as bakery activity diminished temporarily during the summer. Textiles temporarily ended their slide, as strength in the carpet industry offset weakness in all other textile lines. However, strength also appears to be developing in apparel, suggesting that the slide in these import impacted industries may be coming to an end. Weakness remains surprisingly widespread in the paper industry, both as a result of the impact of modernization on employment and diminishing bag production in the state. Weakness in the chemical industry reflects softness in agricultural chemicals. Fortunately, the important printing industry continues to grow. The Georgia leather industry has fallen further toward total insignificance. While weakness in other nondurables remains contained at the present time, announcements concerning the Firestone plant closure in Albany, Georgia will sharply depress that component by April 1986. Certainly, areas of weakness persist in Georgia manufacturing, but some of the worst areas of weakness have diminished while printing remains robust.

Construction continues to surge despite growing evidence that public contracts, utility construction, commercial construction, and the building of rental property all soon will slow from current levels. As the interest-rate environment is expected to remain favorable for single-family ownership, the slide in construction activity, once it begins, is not expected to be as sharp as in previous construction cycles. Our quarterly profile shows that even the beginning of weakness has not yet materialized.

Activity continues to expand noticeably in all the service sectors. Transportation continues to grow rapidly, as more air flights are added at Atlanta's Hartsfield Airport and as the trucking industry gradually expands. Wholesale trade employment has slowed significantly in recent months, with no seasonally adjusted gains since the first of this year. Because of previous rapid rates of growth in wholesale activity, shared both by durable and nondurable wholesalers, such a slowing is necessary and healthy. A slowing is also necessary in retail establishments but evidence of retrenchment is only beginning to surface. As expected, the slowing in the finance sector was temporary. Once some of the bank mergers received approval, employment began improving. Rapid growth in the finance and insurance sectors are expected to persist well into 1986. Similarly, growth is expected to be robust in private services, although the especially rapid rate of growth that developed in 1983 and 1984 has already faded away. Despite budget deficit problems, federal employees continue to expand in Georgia. The King's Bay development will add both civilians and military to that area south of Brunswick over the next several years. The government service needs of a growing population also should generate some expansion in federal payrolls even with budget containment.

Although the national indicators turned sluggish in September, conditions in Georgia improved sharply. Part of this discrepancy is the result of sales tax revenues as a proxy for consumer activity. Because of financial incentives, automobile sales skyrocketed both in Georgia and nationwide. Dealers indicate that sales rose as much as 100% in Georgia, while gains were a robust, if smaller, 59% gain nationwide. Despite smoothing devices to diminish the impact of any one-month performance, these robust sales clearly are sending strong spending signals through the revenue and sales tax indicators. However, several other important leading indicators also improved. Initial unemployment claims have been falling sharply in Georgia for the past two months. This contributes positively to the leading indicators. Residential permits continued to grow sharply, adding fuel to the current strength in construction. The indicators

showed, after adjustment, that nonresidential construction contracts in Georgia also expanded modestly in September. An extention of the manufacturing workweek further suggested that the turnaround in employment that began during the summer may continue. With distortions from robust auto sales, the leading indicators rose more than 1.1% in Georgia during September. However, they still would have increased a relatively robust 0.5% if auto sales distortions had been completely ignored.

More significantly, Georgia's coincident indicators are showing significant signs of strength. Corporate earnings weakened slightly during the summer months, but all other coincident indicators rose. Newly available data on farm receipts show that the poultry industry is doing well in Georgia, helping to reverse an otherwise dismal farm income position. All the labor market indicators, such as the insured unemployment rate, unemployment claims, and the hours worked contributed to economic strength in both August and September. Bank deposits also increased modestly. Indeed, our indicators suggest that the Georgia economy expanded more than 4% during the summer months. This exceeds the 3.3% rate of gain recorded nationwide. The current performance of the leading indicators suggest that this more favorable activity in Georgia will persist into 1986.

Taxable sales in Georgia continued to slow relative to previous-year levels during the second quarter, showing only a 5.9% gain. Of course, such a dramatic slowing in taxable sales raises serious questions about the 11.2% gain in retail employment that appears to be developing for 1985. If these taxable sales gains continue, employment in retail establishments will be excessive by nearly seven percentage points. Fortunately, household income has been growing sufficiently to support higher levels of taxable sales. Nonfarm personal income has increased 9.3% over the previous year. Disposable income probably expanded nearly 11%. Thus, Georgian's sharply increased their savings in the second quarter. As a result, they were in much better shape to partake of automobile incentives during the summer months than other parts of the nation. Nevertheless, current gains in disposable income can only sustain support for 9% gains in taxable sales over the year. As a result, even with the rebound in taxable sales projected for the second half of 1985, retail employment appears to be excessive by four percentage points. An actual drop in retail employment is not anticipated, but a decided sharp slowing from recent employment gains certainly will develop.

Georgia's insured unemployment rate fell slightly to less than 1.7% during the summer as compared to a 2.6% rate nationwide. In Atlanta, the rate rose slightly to 1.2%. Strong population gains in Georgia have eliminated any unemployment discrepancy between the state and the nation. Indeed, unemployment in Georgia has increased 1.1 percentage points in the past year while declining 0.2 percentage points in the nation. Georgia still should average 6.5% unemployed in 1985. Rates are expected to rise slightly to 6.7% in 1986 and remain in that range during 1987.

Atlanta continues to show the lowest unemployment rate in the state, but its rate has increased from 4.6% to 5.6% in the past year. Even this rise is slightly smaller than the unemployment gain recorded for all of Georgia. Augusta showed a much slower rate of increase in unemployment than Atlanta, but its rate also rose from 7.3% a year ago to 8% this September. Athens continues to have the next lowest unemployment rate after Atlanta, but unemployment there has increased from 5.2% to 6.4%. In Savannah, the unemployment rate rose from

7.1% to 8.2% while the increase was much sharper in Macon where the rate is now 8.6%, up from 6.7% a year ago. In Columbus the unemployment rate is now 8.7% as compared to 7.1% last September. Clearly, the greatest unemployment problem is in Albany, where the unemployment rate already has increased from 8.1% to 10.1% and this does not yet reflect the nearly 2,000 jobs that will be lost when the Firestone plant is closed next April. This job loss constitutes more than 4% of all employment in Albany. Unemployment increases in Atlanta and Augusta may be the result of increasing population, as the labor force grew sharply in both areas. In all the other metropolitan areas, however, the labor force as measured by the household surveys actually declined. Indeed, preliminary estimates of population changes in Georgia and Atlanta for 1985 suggest that people are migrating from the remainder of the state to the relatively strong employment environment in Atlanta.

While prices were increasing 0.5% in the nation, they continued to expand by 1.0% in Atlanta in the past two months. As a result, the CPI over the past year has increased 4.9% in Atlanta as compared to 3.4% nationwide. This relative inflationary discrepancy may now be sufficient to begin exerting upward pressures upon wage costs in the Atlanta area. This will create gains in personal income and support stronger retail activity. However, the increased labor costs may begin to undermine the relative competitiveness of economic activity in the Atlanta region. Despite these rapid increases in Atlanta inflation, several important inflationary components remain more subdued locally than nationwide. Grocery store prices declined 1.1% in the past year as compared to a 0.5% increase nationwide. Cereal prices have increased less locally, while meat prices and prices for fruits and vegetables have weakened more than nationwide. A part of this relative gain was offset by higher prices for dairy products locally (3.9% versus 1.9%) and for food-away-from-home (5.4% versus 3.8%). Rents have been soaring in Atlanta, up 9.5% versus 6.2% nationwide, belying arguments that rental units are significantly overbuilt. Homeowners' costs also have surged 8.2% in Atlanta as compared to 5.7% increases nationwide. Even with this recent surge, however, rental rates have increased more slowly in Atlanta than nationwide in the past 20 years. Surprisingly, apparel prices have soared 12.8% in Atlanta while increasing only 2.6% nationwide. Public transportation also has increased 8.6% versus 3.3% nationwide. Entertainment increased 9.7% versus 3.6% in the nation. However, medical care costs are growing more slowly in Atlanta than throughout the nation. Thus, grocery food and health care are relative bargains in Atlanta while clothing and entertainment are becoming of relatively expensive.

It now appears that consumer prices in Georgia will exceed national consumer price gains by more than 1% in 1985 and by almost 2% in 1986. The inflation rate then should narrow toward national averages in 1987. This means that the Atlanta CPI may grow 4.8% in 1985, 6.0% in 1986, and 4.5% in 1987.

The southeast continued to experience significant gains in the regulatory net worth of thrift institutions, growing 10.9% in the latest three months. This compares with 8.2% for the nation and a much smaller 5.3% gain for Georgia. Georgia deposits expanded only 1.3% while they grew a still sluggish 1.6% nationwide but a more vigorous 5.1% in the southeast. The region also led in loan commitments, up 20.4%. However, the commitment expansion in Georgia, up 17.3%, far exceeded the 1.5% gain nationwide. Generally, Georgia thrifts continue to experience some earnings difficulty, but the market for their assets and their ability to initiate new loans remains strong.

In the past year effective mortgage rates have fallen sharply both nationwide and in Atlanta. Mortgage rates in Atlanta were an effective 10.94%, down 1.80 percentage points from the previous year. Nationwide the effective rate was 11.24%, down 1.59 percentage points from the previous year. Mortgage rates have remained relatively stable in Atlanta and are not expected to show significant change during the next year. The effective rate should average 11.0% in 1986 and fall to less than 10.75% in 1987. Housing prices nationwide are up $5800 in the past year. This compares with an increase of $5200 in the Atlanta market.

Revenue growth for the first quarter of the new fiscal year in Georgia spurted slightly to an 11.4% gain. However, the rate of increase was only 9.2% in September. This 11.4% gain compared with increases of 9.3%, 13.8%, 13.2%, and 22.2% in previous quarters. These results raise some questions with our revenue projections of 11% for the next fiscal year, but it is too early to revise that estimate downward. However, revenues will not reach the 12.6% required for the current budget. Our projections are for revenue gains of 9.5% in the subsequent fiscal year followed by another 9.5% gain in the following year.

Following favorable comparisons with refunding distorted collections in the previous year, personal income showed a 13.5% gain in the summer quarter. This compares with gains of 7.9%, 18.0%, 14.2%, and 31.4% in previous quarters. All state and local governments showed a slight increase in their income tax collections as well. Gains were 6.8%, as compared to 6.5%, 6.8%, 5.5%, and 6.6% in previous quarters. Some of the increase in automobile sales were reflected in sales tax collections, which rose 9.4% in the latest quarter and compared to gains of 4.8%, 12.0%, 12.9%, and 16.5% in previous quarters. This was slightly better than the 9.0% recorded for sales tax receipts of all state and local governments. In previous quarters, those governments recorded gains of 8.1%, 7.8%, 10.2%, and 10.1%. Corporate profitability remained surprisingly strong in Georgia, increasing 15.8% in the latest quarter and 18.3% in the past month. Of course, this is still a slowing from gains of 28.4%, 32.8%, 29.5%, and 34.1% in previous quarters. All state and local governments showed an average 2.2% increase in corporate tax accruals during the summer quarter. This compared with a decline of 12.9% in the spring and 9.1% in the winter. Previously, those taxes declined 2.8% and then showed no change in the previous summer. Georgia tax collections appear to be stronger than nationwide, but the relative performance is converging upon national norms. This strongly suggests that the state will struggle to reach our 11% projected revenue gains for this year and may have serious difficulty generating even a 9.5% revenue increase in the subsequent fiscal year.

SUMMARY OF OUTLOOK

Economic expansion in Georgia during 1985 appears to be slightly in excess of 4%. Given a 5.5% increase in employment, this suggests that productivity declined. The most likely candidate for the weakness in productivity is in the trade sector, where retail trade employment is expanding more than 11% even as taxable sales have fallen below double-digits even before inflationary adjustments. Activity in 1986 should slow slightly to a little under 4% growth while weakness in construction during 1987 should propel the state to growth of less than 3%.

During 1985, economic strength in the Atlanta area offset weakness in other parts of the state. Manufacturing slumped sharply, although much of the weakness in durable manufacturing occurred in the second half of 1985 and will not be revealed in the annual averages. Whether a weakening dollar or improving domestic efforts to reduce cost are beginning to take hold, the erosion in textiles and apparel appear to be easing toward the end of 1985. Further areas of economic weakness are still developing, such as the termination of the Firestone plant in Albany, Georgia, which will sharply depress employment in other nondurables beginning in April 1986.

Rapid gains in construction are justified if current growth trends can persist. However, construction of strip malls almost certainly are exceeding consumer need. Commercial construction also appears to be excessive in most metropolitan areas around the state. Vacancy rates are not yet high relative to national averages, but the availability of property nationwide will diminish abilities to lease available space in the state. In addition, public construction projects are beginning to wind down, especially the vigorous highway construction program surrounding Atlanta. Corridor Z will partially offset this slowing, as will continuing expansion of the Georgia ports. Construction activity will be slowing for the large utilities in the state. As a result, total construction activity should reach a peak early in 1986 and trend downward during the following two years.

In durable manufacturing, some strength persists in building materials, but this partially reflects unusually strong construction activity which is not expected to persist. Weakness in primary metals may diminish early in 1986, but is not expected to reverse course in the next two years. On the other hand, machinery activity should begin exhibiting some strength, although electrical machinery remains in a slight down trend. Transportation equipment in the absence of new automobile models should be trending downward through the next two years. Fortunately, growth in fabricated metals should partially offset some of these areas of weakness. Therefore, following some decay in 1986, employment in durables should firm slightly in 1987.

The import impacted textiles and apparel have arrested their downward trends. Some improvement is expected in apparel employment during the next two years. However, weakness in other nondurables and only modest changes in the paper industry will prevent any significant rebound in nondurables. The one bright spot will be continuing strong gains for the printing industry in Georgia.

While goods production is expected to weaken noticeably in the next two years, the service sector should continue to provide employment opportunities. The burst in transportation employment opportunities should be winding down in the next two years. Because of overemployment in trade establishments, little further growth of employment opportunities is expected in wholesale and retail trade until a better balance is established between employment and sales. Employment in the finance and insurance areas is expected to remain strong during the next two years, but some moderation in real estate activity could slow the growth of commissioned brokers. Business services already are slowing from the 20% per year pace of 1984 while medical services continue to be contained by rising cost concerns. Therefore, private services should not provide the degree of employment growth during the next two years that they generated in the previous two years. Finally, government employment is expected to gradually grow, although budgetary problems may surface at the state level in 1987.

Of the slowing in employment activity will be reflected in wage and salary income during the next two years. This will be the major reason why nonfarm personal income is expected to slow even further from the 8.5% projected gain for 1985 to increases of only 6.5% and 7.0% in the following two years. However, a sharp slowing in property income to reflect declining interest rates will also limit the expansion of personal income. Government budgetary restraints will be a factor in slowing the expansion of transfer payments. On the other hand, the Georgia farm economy is expected to show improved incomes following a slump for grain producers in 1985. Even the sluggish rates of gain in Georgia personal income during the next two years should outpace the national average, but the degree of relative gains will narrow.

The absence of significant tax reductions will sharply slow the growth of disposable income. In 1985, disposable income grew nearly 10%. Gains in 1986 and 1987 will be nearer to 6.5%. After adjustment for inflation, real purchasing power expanded nearly 5% in Georgia during 1985. It is projected to expand less than 2% in 1986 before growing about 2.5% in 1987.

Of course, this projection of slowing employment opportunity and modest increases in unemployment should reduce the magnitude of migration into Georgia. Thus, rapid population gains during 1984 and 1985 should give way to more modest rates of population growth in the following two years.

ATLANTA'S BOOM SLOWS BUT SHOULD NOT BUST

While Georgia's manufacturing sector slowly stabilizes following a first half slump, Atlanta's economy is gradually slowing its rate of growth.

Contributing to diminished employment gains in Atlanta are weaknesses surfacing in Atlanta's relatively modest manufacturing sector. According to the seasonally adjusted employment pattern in Table 5, durable manufacturing reached a peak in the Atlanta area during the first quarter of 1985. Nondurable manufacturing peaked in the fourth quarter of 1984. Weakness has surfaced in electrical machinery and transportation equipment. Concern has begun to develop about employment prospects at the Lakewood auto assembly plant, as no new model has been designated to replace the slow selling Chevettes and Pontiac 1000s that are produced there. Weakness is expected to persist in the electrical machinery and transportation equipment areas into 1986. Fortunately, some strength is developing in building materials, although this may reflect continuing strong activity in construction. The metals industries are beginning to show some improvement, while nonelectrical machinery is recovering within the Atlanta metropolitan area.

Weakness in nondurables appears to be concentrated in the textiles, apparel, and food sectors. Other nondurables also have weakened, reflecting some problems in the plastics industry locally. The apparel industry already has begun showing some improvement and other nondurables are expected to begin rebounding early 1986.

The expansion of airline services at Hartsfield has aided employment opportunities in that sector. With slowing airline traffic growth, however, smaller rates of gain are expected in the following two years. Employment in financial areas slowed during the second quarter as several major banking institutions were awaiting approval of mergers. Now that some of that banking consolidation has developed, employment gains once again have reappeared. Employment in private services continues to grow rapidly, but gains in business services are beginning to diminish. Although employment is still expected to expand by 79,000 in 1985, year-over-year gains already have slowed to less than 66,000. In 1986, employment increases should number only 45,000 and this rate is expected to diminish to gains of only 28,300 in 1987.

One major factor in this slowing is the projected moderation in employment gains for the trade sector. However, the reduced unemployment growth in retail trade during the past six months has diminished the likelihood of a severe correction. Indeed, real disposable income in Atlanta during 1985 probably increased 7%. This is broadly consistent with the 7.4% gain in trade employment during that period of time. However, not all that disposable income was used to generate consumer sales activity during the second quarter. In that quarter, taxable sales in metro Atlanta were up only 8.0%. This is only two percentage points more favorable than in the state. After inflationary adjustment, real taxable sales were growing less than 6%. Obviously, such an expansion in sales cannot support the 8.1% expansion in retail employment. A rebound in taxable sales is expected during the second half of the year. GSU surveys suggest that sales have returned to double-digit gains from previous year levels early in the fourth quarter. As a result, total taxable sales will probably increase slightly more than 10% for the year in Atlanta.

The second quarter slowing in metro taxable sales was widespread. Cherokee slowed to 8.6% versus 11.1% in the first quarter; Cobb slowed to 9.2% from 14.7%; DeKalb to only 4.0% from 11.5%; Fulton slumped to 5.3% from 11.4%; and Spalding slowed to 5.3% from 10.1%. Counties offsetting this declining trend included Gwinnett, where sales continued to grow in excess of 28%; Clayton, with a 15.1% spurt in sales following an 11.7% gain in the previous quarter; and Fayette, where sales grew 25.6% following only a 9.2% gain in the previous quarter.

According to recent estimates of population gains for the Atlanta MSA, household formations exceeded housing construction this year. Indeed, any modest excesses that developed early in 1984 have been overwhelmed by rapid population immigration. Demand is especially vigorous for single-family units, while the condominium market has sharply deteriorated. Rental activity also has slowed, although only Gwinnett and DeKalb appear to be moving toward an overbuilt situation at the present time. Single-family housing permits have spurted 31% in the metro area during the latest quarter. Condominiums, by contrast, have slumped by more than 78%. Only DeKalb is engaging in significant condominium activity at the present time. Rental activity has spurted by more than 33% and has increased 54% in the latest month. While activity is widespread, with Clayton showing its first significant rental project in nearly 10 years, DeKalb is mounting the strongest gains in rental units. Rental activity in Cobb, in contrast, trails previous year levels. Gwinnett also paused in September following more than 1,000 permits in August. If current population gains remain strong, Atlanta will not be overbuilt at current construction rates. However, the falloff in employment opportunities is expected to cause a significant slowing in population gains following an unsustainable 4.1% spurt in 1984. This is the major reason why housing activity is projected to slow notably during the next two years. Much of the weakness is expected to develop in rental properties, with substantial declines occurring in Gwinnett and DeKalb. Fulton also is expected to show diminished construction of rental units as desirable areas become built out.

Housing activity may be appropriate for current population trends, but commercial and industrial construction clearly is excessive for current needs in Atlanta. The latest Coldwell Banker analysis shows that suburban vacancy rates in Atlanta soared to 17.4% in September. These rates probably will exceed 20% early in 1986. Of course, this remains well below the 21.2% vacant rate in all suburban units nationwide. Downtown vacancy rates have slipped slightly to 15.3% as compared to 16.5% vacant rates for all downtown areas nationwide. Indeed, downtown and Midtown construction projects may be warranted by increased enthusiasm for those areas. Problems appear to be most accute in the suburban area and they are intensifying.

Industrial activity also appears to be exceeding need. Atlanta's industrial vacancy index soared to 4.1% in September, the highest vacancy in more than five years. Nationwide, vacancy rates also edged upward to 5.0%. Current construction activity in Atlanta appears to be excessive for all but single-family housing at the present time. With a moderation in public construction as the highway expansion programs slowly become completed, construction in Atlanta should decline notably in the next two years.

Although the Atlanta boom is expected to slow sharply, personal income gains in the Atlanta area should remain healthy relative to the reaminder of the state and to the nation. Population gains also should remain strong, re-

establishing the 2.5% trend rate of growth that persisted in the 1970s. Now that retail employment has slowed toward more sustainable levels, the employment correction in Atlanta will be borne mostly by manufacturing durables and construction payrolls. These areas of weakness should be insufficient to generate any substantial slowing in income gains for most Atlantans. Indeed, economic activity will continue to advance during the next two years, but at only half the hectic pace that developed in the past two years.

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Table 1

Georgia Wage & Salary Employment for 1983 and 1984 with Forecasts through 1987
(Thousands)

Industry	1983	1984	1985	1986	1987	82-83	83-84	84-85	85-86	86-87
1. Mining	7.3	7.9	8.0	7.9	7.9	-1.4	8.2	1.3	-1.3	-0.2
2. Construction	108.8	132.4	148.2	150.3	144.1	5.6	21.7	12.0	1.4	-4.1
3. Manufacturing	511.1	545.5	544.3	540.6	542.6	2.2	6.7	-0.2	-0.7	0.4
Durables	185.4	207.2	212.0	210.0	210.5	3.8	11.8	2.3	-0.9	0.2
Lumber	31.0	34.4	35.7	35.5	35.7	11.5	11.0	3.8	-0.6	0.6
Furniture	9.9	10.8	11.2	11.3	11.4	4.2	9.1	3.7	0.9	0.9
Stone, Clay, Glass	17.7	19.0	18.8	18.7	18.5	8.9	7.3	-1.1	-0.5	-1.1
Primary Metals	15.0	16.2	15.4	15.3	15.5	-6.7	8.0	-4.9	-0.6	1.3
Fabricated Metals	18.8	20.0	19.8	20.1	20.4	3.9	6.4	-1.0	1.5	1.5
Nonelectrical Machinery	21.0	24.5	25.7	25.9	25.9	1.0	16.7	4.9	0.8	0.0
Electrical Machinery	24.7	26.3	27.1	26.9	27.5	5.6	6.5	3.0	-0.7	2.2
Transportation Equipment	35.7	43.4	45.5	43.7	42.8	2.3	21.6	4.8	-4.0	-2.1
Other Durables	11.7	12.5	12.8	12.6	12.8	0.9	6.8	2.4	-1.6	1.6
Nondurables	325.7	338.3	332.3	330.6	332.1	1.2	3.9	-1.8	-0.5	0.5
Food	57.0	57.0	57.3	57.5	58.1	-2.3	0.0	0.5	0.3	1.0
Textiles	103.3	105.7	100.3	99.2	99.6	1.1	2.3	-5.1	-1.1	0.4
Apparel	70.0	74.5	72.6	73.1	73.3	1.3	6.4	-2.6	0.7	0.3
Paper	28.5	29.8	29.7	29.2	29.5	2.9	4.6	-0.3	-1.7	1.0
Printing	27.5	30.4	31.6	32.3	32.5	8.3	10.5	3.9	2.2	0.6
Chemicals	17.9	18.9	18.8	18.5	18.8	2.9	5.6	-0.5	-1.6	1.6
Leather	1.9	1.7	1.6	1.5	1.5	-13.6	-10.5	-5.9	-6.3	0.0
Other Nondurables	19.6	20.3	20.4	19.3	18.8	1.0	3.6	0.5	-5.4	-2.6
4. Transportation, Comm & Utilities	147.7	154.5	161.9	165.1	167.3	0.9	4.6	4.8	2.0	1.3
5. Trade	547.2	608.2	668.7	689.4	708.1	5.3	11.1	9.9	3.1	2.7
Wholesale	169.4	189.6	203.1	206.5	208.4	4.1	11.9	7.1	1.7	0.9
Retail	378.2	418.6	465.6	482.9	499.7	5.9	10.7	11.2	3.7	3.5
6. Finance, Ins. & Real Estate	121.8	128.9	135.5	140.7	146.3	3.9	5.8	5.1	3.8	4.0
7. Services	397.6	440.0	480.0	506.2	527.4	6.5	10.7	9.1	5.5	4.2
8. Government	437.6	439.9	446.4	451.7	456.7	0.8	0.5	1.5	1.2	1.1
Federal	85.8	89.2	92.2	93.9	94.9	0.7	4.0	3.4	1.8	1.1
State & Local	351.9	350.7	354.2	357.8	361.8	0.9	-0.3	1.0	1.0	1.1
Total Wage & Salary Employment	2279.5	2457.1	2593.0	2651.9	2700.4	3.5	7.8	5.5	2.3	1.8

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Table 2 Georgia Personal Income for 1983 and 1984 with Estimates for 1985 and Forecasts through 1987
(Millions of Dollars)

	1983(r)	1984(r)	1985	1986	1987	83-84	84-85	85-86	86-87
Labor & Proprietors' Income:									
1. Wage & Salary Income	38508	43551	47917	50997	54696	13.1	10.0	6.4	7.3
2. Other Labor Income	3912	4552	5117	5753	6328	16.4	12.4	12.4	10.0
3. Proprietors' Income	3039	3870	3923	4309	4436	27.3	1.4	9.8	2.9
Farm	530	929	710	791	847	75.3	-23.6	11.4	7.1
Nonfarm	2509	2942	3213	3518	3589	17.3	9.2	9.5	2.0
Labor & Proprietors' Income:									
1. Farm	726	1131	929	1022	1094	55.8	-17.9	10.0	7.0
2. Mining	173	201	216	227	240	16.2	7.5	5.1	5.7
3. Contract Construction	2420	3049	3590	3804	3812	26.0	17.7	6.0	0.2
4. Manufacturing	10131	11483	12186	12644	13323	13.4	6.1	3.8	5.4
Durables	4225	5001	5419	5609	5903	18.4	8.4	3.5	5.2
Nondurables	5906	6482	6767	7035	7420	9.8	4.4	4.0	5.5
5. Transportation & Utilities	4638	5062	5501	5946	6417	9.1	8.7	8.1	7.9
6. Trade	8626	10061	11370	12199	13097	16.6	13.0	7.3	7.4
Wholesale	4165	4917	5624	5947	6272	18.1	14.4	5.7	5.5
Retail	4461	5144	5746	6252	6825	15.3	11.7	8.8	9.2
7. Finance, Ins. & Real Estate	2682	3102	3370	3709	4088	15.7	8.6	10.1	10.2
8. Services	7399	8562	9748	10845	11977	15.7	13.9	11.3	10.4
9. Other Industries	163	188	236	254	273	15.3	25.5	7.6	7.5
10. Government	8505	9137	9811	10409	11139	7.4	7.4	6.1	7.0
Federal Civilian	2094	2279	2490	2566	2710	8.8	9.3	3.1	5.6
Federal Military	1313	1411	1479	1558	1692	7.5	4.8	5.3	8.6
State & Local	5097	5447	5842	6285	6737	6.9	7.3	7.6	7.2
Plus:									
Property Income	9010	10377	10873	11423	12325	15.2	4.8	5.1	7.9
State U.I. Benefits	287	196	233	271	288	-31.2	18.9	16.3	6.3
Other Transfers	7780	8150	8647	9065	9597	4.8	6.1	4.8	5.9
Residence Adjustment	-98	-133	-176	-195	-208	35.7	32.3	10.8	6.7
Less: Social Ins. Contributions	2760	3148	3662	3971	4336	14.1	16.3	8.4	9.2
Equals: Total Personal Income	59698	67416	72872	77652	83126	12.9	8.1	6.6	7.0
Nonfarm Personal Income	58973	66285	71943	76630	82032	12.4	8.5	6.5	7.0
% of U.S. Nonfarm	2.18	2.23	2.28	2.29	2.32				
Population	5732	5837	5945	6037	6122	1.83	1.85	1.55	1.41

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Table 3 Atlanta MSA Wage and Salary Employment for 1984 with Forecasts through 1987
(Thousands)

Industry	1984	1985	1986	1987	84-85	85-86	86-87
1. Mining	1.2	1.2	1.1	1.1	0.0	-8.3	0.0
2. Contract Construction	63.8	73.8	75.1	70.4	15.7	1.8	-6.3
3. Manufacturing	174.5	176.9	177.4	178.2	1.4	0.3	0.5
Durables	88.2	92.1	92.7	92.2	4.4	0.7	-0.5
Lumber	3.7	4.0	4.3	4.2	8.1	7.5	-2.3
Furniture	4.6	5.0	5.2	5.1	8.7	4.0	-1.9
Stone, Clay, Glass	8.9	8.9	9.1	9.1	0.0	2.2	0.0
Primary Metals	6.4	6.6	6.9	7.0	3.1	4.5	1.4
Fabricated Metals	8.8	8.9	9.2	9.3	1.1	3.4	1.1
Nonelectrical Machinery	9.7	11.0	11.3	11.2	13.4	2.7	-0.9
Electrical Machinery	13.0	13.4	13.3	13.5	3.1	-0.7	1.5
Transportation Equipment	27.9	29.1	28.2	27.5	4.4	-3.1	-2.5
Other Durables	5.3	5.2	5.2	5.3	-1.4	0.0	1.9
Nondurables	86.3	84.8	84.7	86.0	-1.7	-0.1	1.5
Food	20.2	20.1	20.2	20.5	-0.5	0.5	1.5
Textiles	8.9	8.5	8.2	8.3	-4.5	-3.5	1.2
Apparel	13.0	12.5	12.7	13.0	-3.8	1.6	2.4
Paper	8.2	8.0	8.1	8.3	-2.4	1.3	2.5
Printing	19.4	19.6	19.8	20.0	1.0	1.0	1.0
Chemicals	9.3	9.4	9.4	9.5	1.1	0.0	1.1
Other Nondurables	7.3	6.7	6.3	6.4	-8.2	-6.0	1.6
4. Transportation, Comm. & Utilities	99.5	105.4	108.0	110.0	5.9	2.5	1.8
5. Trade	337.9	362.8	376.9	387.7	7.4	3.9	2.9
Wholesale	124.6	132.2	135.4	137.1	6.1	2.4	1.3
Retail	213.3	230.6	241.5	250.6	8.1	4.7	3.8
6. Finance, Ins. and Real Estate	81.7	86.7	90.6	93.9	6.1	4.5	3.6
7. Services	263.7	290.2	311.0	325.2	10.0	7.2	4.6
8. Government	173.4	177.7	179.6	181.5	2.5	1.1	1.1
Federal	35.5	36.6	36.3	36.5	3.1	-0.8	0.6
State & Local	137.9	141.1	143.3	145.0	2.3	1.6	1.2
Total Wage & Salary Employment	1195.7	1274.7	1319.7	1348.0	6.6	3.5	2.1

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Table 4 Atlanta MSA Personal Income for 1983 and 1984 with Estimates for 1985 and Forecasts through 1987
(Millions of Dollars)

	1983	1984	1985	1986	1987	83-84	84-85	85-86	86-87
Labor & Proprietors' Income:									
1. Wage & Salary Income	20589	23538	26179	28274	30363	14.3	11.2	8.0	7.4
2. Other Labor Income	2088	2449	2770	3097	3425	17.3	13.1	11.8	10.6
3. Proprietors' Income	1298	1570	1711	1864	1930	21.0	9.0	8.9	3.5
Farm	66	98	84	87	91	48.5	-14.3	3.6	4.6
Nonfarm	1231	1472	1627	1777	1839	19.6	10.5	9.2	3.5
Labor & Proprietors' Income:									
1. Farm	80	113	101	106	112	41.3	-10.6	5.0	5.7
2. Contract Construction	1222	1560	1894	2016	1976	27.7	21.4	6.4	-2.0
3. Manufacturing	3796	4390	4738	4967	5231	15.6	7.9	4.8	5.3
Durables	2094	2515	2779	2921	3052	20.1	10.5	5.1	4.5
Nondurables	1703	1875	1959	2046	2179	10.1	4.5	4.4	6.5
4. Transportation & Utilities	3228	3564	3913	4249	4606	10.4	9.8	8.6	8.4
5. Trade	5685	6607	7357	7931	8521	16.2	11.4	7.8	7.4
Wholesale	3218	3775	4281	4554	4823	17.3	13.4	6.4	5.9
Retail	2467	2832	3076	3377	3698	14.8	8.6	9.8	9.5
6. Finance, Ins. & Real Estate	1874	2172	2380	2638	2896	15.9	9.6	10.8	9.8
7. Services	4691	5484	6295	7114	7882	16.9	14.8	13.0	10.8
8. Other Industries	119	135	152	165	176	13.5	12.6	8.3	7.1
9. Government	3280	3532	3830	4049	4318	7.7	8.4	5.7	6.6
Federal Civilian	926	992	1081	1086	1142	7.1	9.0	0.5	5.1
Federal Military	182	192	199	204	216	5.7	3.2	3.0	5.6
State & Local	2172	2348	2550	2759	2960	8.1	8.6	8.2	7.3
Plus:									
Property Income	4141	4799	5049	5332	5785	15.9	5.2	5.6	8.5
Transfer Payments	2863	2972	3150	3333	3543	3.8	6.0	5.8	6.3
Residence Adjustment	-701	-768	-793	-819	-833	9.6	3.3	3.3	1.7
Less: Social Ins. Contributions	1483	1710	2011	2213	2420	15.3	17.6	10.0	9.3
Equals: Total Personal Income	28795	32850	36055	38868	41793	14.1	9.8	7.8	7.5
Nonfarm Personal Income	28715	32737	35954	38762	41681	14.0	9.8	7.8	7.5
% of Georgia Nonfarm	48.69	49.39	49.98	50.58	50.81	---	---	---	---

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Table 5 Seasonally Adjusted Nonagricultural Employment
(Thousands)

	Georgia						Atlanta					
	84-3	84-4	85-1	85-2(r)	85-3(p)	Sept(p)	84-3	84-4	85-1	85-2(r)	85-3(p)	Sept(p)
Total	2491.6	2534.4	2574.9	2584.6	2604.5	2598.9	1210.2	1238.8	1259.0	1269.1	1282.5	1286.1
Mining	7.8	8.2	8.1	7.9	7.9	7.9	1.2	1.2	1.2	1.2	1.3	1.2
Contract Construction	135.6	141.4	143.0	146.3	151.4	152.2	64.1	70.2	73.1	74.5	71.6	76.0
Manufacturing	550.6	552.8	552.0	542.2	541.0	541.3	175.9	179.3	178.9	175.1	176.7	176.9
Durables	211.0	214.5	214.8	211.7	210.9	210.6	89.9	92.2	92.6	91.2	92.4	92.5
Lumber	34.8	35.7	36.1	35.8	35.4	35.4	3.7	3.7	3.9	3.8	4.1	4.2
Furniture	11.0	10.9	10.9	11.2	11.3	11.2	4.5	4.6	4.8	4.9	5.1	5.1
Stone, Clay, Glass	19.2	19.3	19.2	18.7	18.6	18.8	9.1	9.0	9.0	8.7	8.8	9.1
Primary Metals	16.5	16.4	15.8	15.4	15.3	15.3	6.5	6.9	6.4	6.4	6.7	6.8
Fabricated Metals	20.1	20.1	19.8	19.6	19.9	19.9	9.0	9.0	8.8	8.8	9.0	9.1
Nonelectrical Machinery	24.6	26.5	26.0	25.7	25.4	25.7	9.5	11.0	10.9	10.8	11.2	11.1
Electrical Machinery	26.8	26.8	27.3	27.1	27.1	26.9	13.2	13.0	13.4	13.5	13.4	13.3
Transportation Equipment	45.2	45.9	46.7	45.3	45.1	44.8	29.0	29.6	30.1	29.0	28.8	28.6
Other Durables	12.8	12.9	13.0	12.9	12.6	12.6	5.4	5.4	5.3	5.2	5.2	5.2
Nondurables	339.6	338.3	337.2	330.5	330.1	330.7	86.1	87.1	86.3	83.9	84.3	84.4
Food	56.8	57.3	57.9	57.3	56.9	56.6	20.3	20.3	20.4	20.2	19.9	19.9
Textiles	106.0	104.2	102.6	100.1	99.2	99.3	8.7	9.2	8.7	8.5	8.4	8.3
Apparel	75.1	74.3	73.5	71.8	72.2	73.0	12.9	13.1	12.7	12.2	12.5	12.7
Paper	29.8	29.9	30.1	29.5	29.7	29.3	8.1	8.1	8.0	7.9	8.1	8.1
Printing	30.7	31.0	31.5	31.1	31.7	32.1	19.2	19.6	19.8	19.2	19.5	19.7
Chemicals	19.0	19.1	19.0	18.8	18.6	18.6	9.4	9.4	9 5	9.3	9.3	9.4
Leather	1.7	1.8	1.9	1.5	1.5	1.5	-	-	-	-	-	-
Other Nondurables	20.5	20.7	20.7	20.4	20.3	20.3	7.5	7.4	7.2	6.6	6.6	6.4
Transportation, Comm. & Util.	155.0	157.4	161.1	161.6	162.3	162.6	100.0	101.9	104.5	105.2	105.8	106.1
Trade	615.1	638.8	658.4	666.4	673.4	670.6	341.8	350.3	355.8	360.7	365.7	365 0
Wholesale	191.7	198.8	202.4	202.4	202.8	202.5	126.0	130.0	129.7	131.5	132.9	133.3
Retail	423.4	440.0	456 0	464.0	470.6	468.2	215.8	220.3	226.1	229.2	232.9	231.7
Finance, Ins. & Real Estate	130.2	135.0	134.8	134.7	136.1	136.4	82.2	84.0	86.3	86.1	87.0	87 5
Services	447.3	459.4	472.1	478.5	483.2	484.0	269.0	275.8	283.3	288.5	292.9	295.9
Government	440.0	441.4	445.4	447.0	449.2	443.8	176.0	176.1	175.9	177.9	180.2	176.3
Federal	89 4	90.7	91.6	92.3	92.2	92.7	35.5	36.1	36.5	37.0	36.5	36.3
State & Local	350.6	350.7	353.8	354.7	357.0	351.2	140.5	140.0	139.4	140.9	143.7	140.0

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Table 6 Metro Atlanta Housing Permits for 1982 through 1984 with Forecasts through 1987

	1982		1983		1984		1985		1986		1987	
County	single	multi	single	multi	single	multi	single	multi	single	multi	single	multi
Butts	----	----	----	----	----	----	70	2	60	0	70	5
Cherokee	885	0	1172	14	1466	28	1730	120	1850	150	1780	170
Clayton	642	28	1269	6	1143	576	1375	830	1260	500	1200	350
Cobb	3337	824	5986	4243	6365	3095	6300	1220	6170	1080	6210	1200
DeKalb	2023	1107	3119	4371	3227	2965	3710	3385	3360	2630	3040	2160
Douglas	307	4	658	6	533	8	750	150	780	190	710	220
Fayette	----	----	----	----	----	----	720	0	700	0	780	0
Forsyth	277	30	463	14	609	57	755	70	820	50	860	80
Fulton	2175	2601	2634	2252	2334	2979	3030	3530	2870	3050	2590	2340
Gwinnett	3686	1523	5980	3226	5977	6155	7500	5000	7600	3600	7050	3310
Henry	334	10	602	18	656	56	840	60	850	50	830	50
Newton	----	----	----	----	----	----	275	10	300	10	320	10
Paulding	----	----	----	----	----	----	710	0	750	0	780	0
Rockdale	261	138	437	144	623	83	735	100	710	130	700	150
Walton	----	----	----	----	----	----	265	0	280	0	300	0
Total	13936	6265	22320	14394	22933	16002	28765	14477	28360	11440	27220	10045
% Change From Previous Year	+37.7	+10.9	+60.2	+129.8	+2.7	+11.2	+16.5	-9.6	-1.4	-25.6	-4.0	-12.2
% Change in Total (single + multi)	+28.0		+81.7		+6.0		+5.8		-9.8		-6.4	
Estimated Potential Absorption (000)	23.4		33.0		49.4		44.4		36.8		32.3	

NOTE: The 1983 % change figures do not include Marietta. Totals for 1982 do not contain Marietta. Marietta figures are included in 1983 totals and beyond. Condominiums are included in the multi-family totals. Fee simple town homes are included in the single-family category. Counties added in 1985 are in totals for that year but are not included in changes until 1986.

Source: Homebuilders Association of Metro Atlanta

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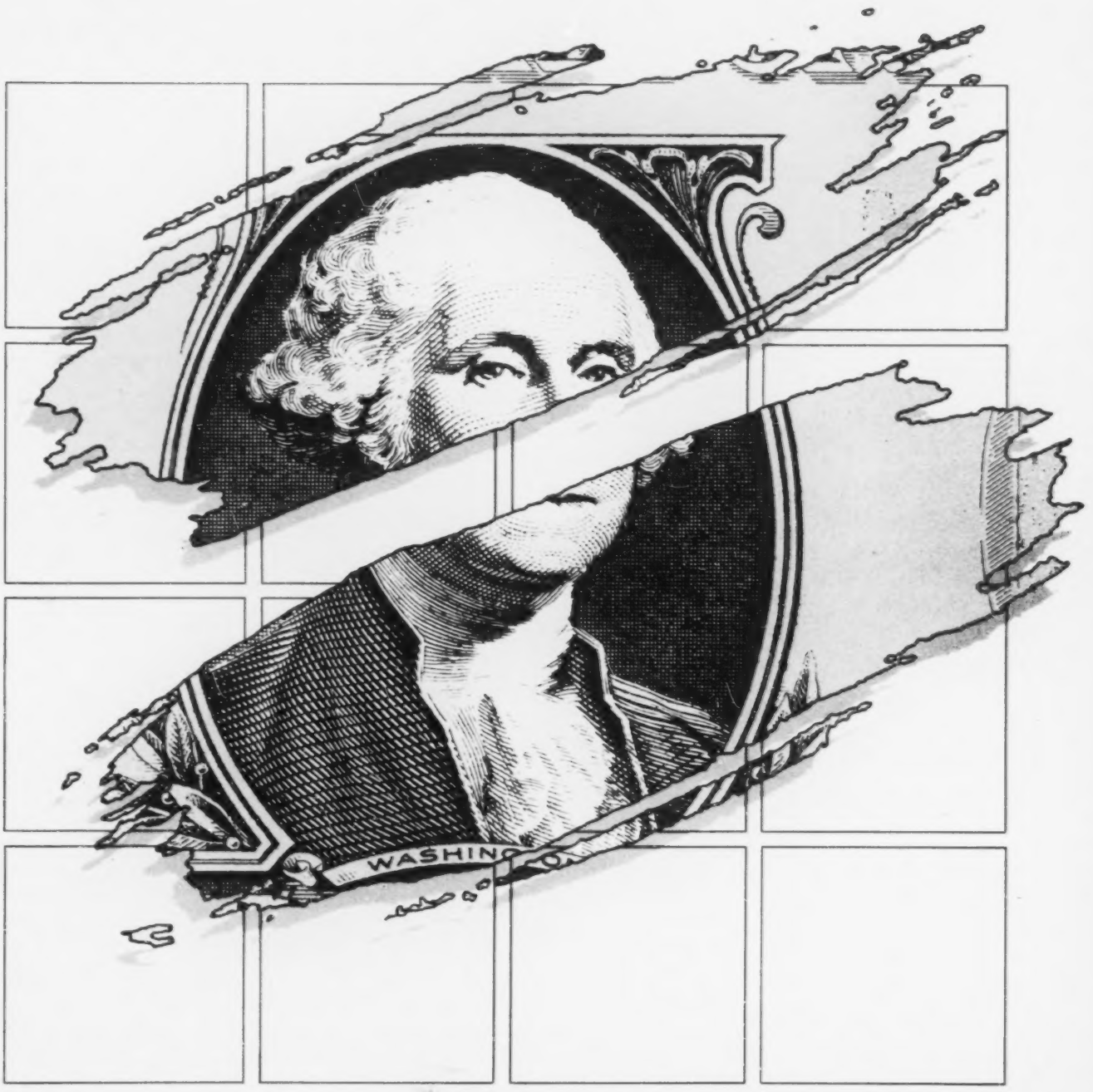
Georgia & Atlanta

Five-Year Georgia Forecast

1986–1987

Economic Forecasting Center

Georgia State University, College of Business Administration, February 1986



MORE BALANCE BUT SLOWER GROWTH EXPECTED IN NEXT TWO YEARS

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Summary

A weakening dollar offset by reduced growth prospects in the U. S. economy will place Georgia manufacturing in a condition of minimal growth during the next two years. As manufacturing employment in Georgia had been falling earlier in 1985, such a prospect is slightly improved from recent conditions. Construction will remain strong until the latter part of 1986, but significant signs of overbuilding will cause employment loss late in the year and in 1987. Slower employment gains are expected in transportation and trade as the volume of taxable sales remains moderate after a dramatic surge in consumer spending in 1984. Modest slowing also is expected for employment gains in finance and service while budgetary restraint at the federal level is expected to lead to slower payroll growth in the government sector for federal and state employees residing in Georgia. A recession is not anticipated at this time, but employment growth is expected to slow to only a 2.9% gain in 1986 and an even more modest 1.8% rate of increase in 1987.

Such reductions in employment opportunities will substantially slow gains in Georgia personal income during the next two years. After recording the second highest gain in personal income in the nation during the spring of 1985, personal income in Georgia will slow only to the national average in 1986 before exceeding it slightly in 1987.

Data Revisions

As expected, employment data revisions for Georgia in 1985 significantly reduced estimates of available jobs in Georgia. Instead of increasing 5.5%, as originally projected, the revisions show that employment gained only 4.8%. The most significant downward revision was in retail employment, where earlier estimates raised serious questions about excess stores in Georgia. The revised data still indicate that retail employment is growing much more rapidly than taxable sales, but the magnitude of the discrepancy, and therefore the projected adjustment, has been reduced by about three percentage points. Services also showed a much smaller boom than contained in earlier data. Construction also was revised downward slightly, again showing that overbuilding was not quite as intensive as previously anticipated.

On the other hand, manufacturing was not hit as hard in Georgia as original data indicated. Virtually all the durable goods industries except lumber and the machinery sectors were revised significantly upward. Transportation equipment was especially vigorous in the past two years.

Nondurables also experienced significant upward revisions. Especially large adjustments were made in printing and food processing. Textiles did not slump quite as dramatically as originally anticipated, although apparel slumped even further than the preliminary data suggested.

In addition to manufacturing, modest upward revisions developed for transportation services and financial services. Federal payrolls also were slightly larger than originally expected, although state and local payrolls were a bit lower than projected earlier.

On balance, the data revisions show a less distorted economic expansion in Georgia during the past two years than was originally expected. For example, retail employment slowing can be more gradual than originally expected. Manufacturing also may not experience any noticeable weakness, while earlier data showed significant loss of manufacturing jobs in the Georgia economy. Therefore, the data revisions are largely favorable for Georgia's future growth, although they indicate that economic activity probably was less robust in the past two years than preliminary data suggested.

Recent Conditions

Georgia's economy during the summer months showed significant strength relative to the nation, with personal income rising 3.1% as compared to only a 0.7% gain nationwide. Personal income in Georgia has increased 1.6 percentage points more rapidly than the nation during this past year.

Part of the relative improvement in Georgia's economy was the result of a smaller slump in farm income than occurred nationwide. The poultry industry experienced satisfactory conditions into the fall while farm communities in the midwest were facing financial disaster. However, wage and salary income in Georgia was up 2.3% in the quarter and 9% over the past year as compared to increases nationwide of only 2.1% for the quarter and 6.4% over the previous year. Contract construction, manufacturing, and trade earnings all appear to be areas where Georgia's economy is outdistancing the U. S. In the past quarter, contract construction showed a 5% earnings gain in Georgia and a 16.4% gain over the previous year as compared to a quarterly gain of 1.2% for the nation and only a 10.0% annual increase. Durable earnings were up 6.3% in the quarter and 12.1% in the past year in Georgia as compared to a gain of only 0.5% in the quarter and 3.6% over the previous year for the nation. In the import impacted nondurables, Georgia also outperformed the nation, with a quarterly gain of 2.1% and an annual gain of 6.4% as compared to 0.7% quarterly gains and 3.2% annual gains for the nation. Similarly, retail earnings grew 2.1% in the quarter and 10.8% in the past year in Georgia as compared to a 1.2% quarterly spurt and a 6.6% annual gain nationwide. Although services in Georgia also grew more rapidly than in the nation over the past year, earnings grew only 2.1% in the quarter as compared to 2.2% for the nation. The finance group in Georgia also only slightly exceeded the nation with a quarterly gain of 3.1% versus 3.0% nationwide. Despite healthy budgetary conditions in Georgia, state and local payrolls showed only a 1.6% quarterly gain and a 4.1% year-over-year improvement as compared to 1.8% quarterly gains and 7.6% annual improvements nationwide. Despite the buildup at King's Bay, federal civilian employment in Georgia during the past year exceeded national gains only by 6.8% versus 6.2%, while military payrolls expanded 5.0% in Georgia and 4.7% nationwide. Obviously, federal government spending in Georgia has not been a major factor in the sharp gains in Georgia's economy during the past two years.

Georgia's coincident indicators remained healthy in the fourth quarter, although growth slowed in December. Labor markets remained healthy with insured unemployment rates continuing to fall and the value of unemployment claims also declining after adjustment. The index of hours worked spurted in December, but activity did not grow as rapidly. This suggests that productivity declined in Georgia late in the year. However, corporations appear to be improving their profitability despite the apparent erosion in productivity. Also, the Georgia farm economy continues to perform better than nationwide. According to the coincident indicators, Georgia's economy expanded 5.7% in the final quarter of 1985 as compared to an estimated 2.4% growth nationwide. For all of 1985, our estimates suggest that the state's economy grew 5.0% compared with only a 2.3% gain in the nation.

Although Georgia's economy outperformed economic conditions nationwide during the fall, Georgia's leading indicators suggest relatively rough times ahead for Georgia employers. After clearly outperforming indicators nationwide through the summer months, the leading indicators in Georgia have become erratic. In December, only the workweek showed any significant favorable contributions to the index. Construction permits fell significantly, suggesting that the construction boom in Georgia may be coming to an end. Both residential and nonresidential permits contributed to this weakness. Consumer spending also remained relatively sluggish, although financing incentives by auto dealers may turn that indicator around in the next month. Adjusted total revenues also were weak. However, the most surprising source of weakness in December was the substantial increase in initial unemployment claims. Some of this weakness reflects continued erosion in the textile and apparel sectors, but it also incorporates initial effects of a major plant closing scheduled to be completed this April and some traumas from the airline and trucking industries. Certainly, the 0.3% decline in Georgia's leading indicators in December suggests that Georgia activity may slip behind national rates of expansion by the spring.

According to our seasonally adjusted employment estimates for Georgia during the fourth quarter, payroll employment expanded 3.4%, slightly slower than a 3.6% gain nationwide. In December, however, Georgia experienced the same acceleration in employment as in the United States. As expected, more gradual growth in retail employment has developed in the past few quarters. Slowing is also apparent in transportation and business services. Financial services continue to grow at a 5% annual clip, however. After spurting in the summer, government payrolls once again appear to be stagnating, especially at the state and local levels, while federal payrolls continue to grow surprisingly rapidly. Construction payrolls also are showing no signs of slowing at the present time.

Manufacturing activity, which was declining into the third quarter, has begun a surprising rebound. In durable manufacturing, the areas of rapidly developing strength are in the stone, clay group, nonelectrical machinery, and transportation equipment. Other durables and furniture are weakening while only modest employment gains are being recorded for electrical machinery, primary metals, and lumber.

Weakness in nondurables also ended in the third quarter. Even textiles experienced a rebound, although most of this is the result of strength in the carpet industry. Apparel also appears to be improving in recent months. The only area of nondurable employment weakness at the present time is the leather and other nondurables industries. Contained in that other nondurables category is the Firestone plant that is scheduled to be closed with the loss of more than 2,000 jobs in April.

Taxable sales in Georgia remain sluggish, with only a 6.1% gain over previous year levels in the third quarter. Nonfarm personal income over the same period increased 7.5% while an estimated slight increase in tax liabilities probably reduced disposable income to a gain of 7%. Nevertheless, sharp slowing in taxable sales suggests that Georgians were able to add to their savings rates in the third quarter even as auto financing incentives encouraged some increased purchases in that area. With prices of commodities increasing almost 3% in Georgia during the past year, this suggests that the volume of retail activity increased slightly more than 3%. Thus, the estimated 8.6% increase in retail trade employment probably exceeded need by nearly five percentage points. Because savings rates were improving in Georgia in 1985, stronger consumer support for the Georgia economy may be anticipated than in the United States in 1986. Nevertheless, further substantial slowing in retail trade employment gains should be anticipated over the next two years.

In the past two months, a 0.7% increase in consumer prices in Atlanta exceeded a 0.5% price change nationwide. Over the past year, inflation was 5.4% in Atlanta as compared to 3.8% in the nation. Contributing to this more rapid inflation in Atlanta was restaurant prices (up 6.7% versus 3.8% nationwide), renters' costs (9.7% versus 6.3%), homeowners' costs (9.6% versus 5.9%), utilities (1.8% versus -0.5%), transportation (5.5% versus 2.6%), and entertainment (7.4% versus 3.2%). Grocery store prices showed comparable increases in Atlanta and the nation while clothing prices showed more substantial declines in Georgia as retailers dramatically marked down their women's and girls' apparel during the fall. Medical care and educational services also are growing more slowly in Georgia than nationwide. Although the inflation rate was stronger in Georgia than nationwide, most of the necessities continued to show more moderate increases locally than nationally. Therefore, the economic burden suffered by this higher inflation rate is diminished. Moreover, the rapid increase in homeowners' and renters' costs indicate that housing conditions remain tight in the Georgia economy. This condition probably will remain through 1986, when the Georgia CPI is expected to grow 4.5%. Slightly more rapid inflation also is anticipated locally than nationally in 1987, when the Ceorgia CPI should increase another 5.0%.

Georgia's insured unemployment rate remained slightly below 1.7% during the fall, even as the insured rate increased to 2.8% nationwide. In Atlanta, the rate fell below one percent indicating that Atlanta has achieved full employment for its insured workforce. Over the past year, unemployment in the nation fell 0.3 percentage points, while it was rising 0.3 percentage points in Georgia. This discrepancy in household measures of unemployment reflects rapid population movements into Georgia. After averaging slightly less than 6.5% unemployed in 1985, Ceorgia is expected to experience unemployment rates near 6.5% in 1986 before rising to the vicinity of 7% in 1987.

Unemployment remains lowest in Atlanta, where the rate is 4.7%, up from 4.2% a year ago. In Athens, the unemployment rate has changed little in the past year and remains at 5.3%. Unemployment is up in Savannah, but only to 6.7% from 6.3% a year ago. In Augusta, the rate has increased from 6.5% to 6.7% over the past year. Macon has experienced a decrease in unemployment from 6.7% to 6.6%. While Columbus has a high 8.4% unemployment rate, up from 7.4% a year ago. Albany not only is experiencing the highest unemployment rate of all metropolitan areas at 8.7% but also the fastest rising, from 6.9% a year ago. Moreover, when an additional 2,000 jobs are lost when the Firestone plant closes, unemployment rates in Albany could exceed 12%. Unemployment problems in

Atlanta and Augusta appear to be the result of inability to absorb all the migrants from outside the state and from other parts of the state. According to preliminary population estimates, non-Atlanta population gains in Georgia were only 37,000, or less than the gains that would have occurred by natural population changes. Thus, people are migrating from weak employment areas to the Atlanta and Augusta metropolitan areas.

Regulatory net worth of thrift institutions continued to improve sharply in the southeast during the past three months, rising 6.9%. This compared to a 5.9% gain in the nation but a smaller 3.4% gain for Georgia. Georgia's deposits expanded only 0.2% as compared to 1.3% gains both nationwide and in the southeast. Georgia thrifts have turned more cautious with loan commitments down 15.7%. This compares with a 14.3% decline for the southeast and only a 3.1% decline nationwide. Thus, Georgia thrifts continue to trail performance in other parts of the nation, but the thrift industry as a whole is showing renewed vigor.

In the past year, effective mortgage rates declined nearly 2.7 percentage points both in the nation and Atlanta. Mortgage rates in Atlanta were an effective 10.24% in December as compared to an 11.08% effective rate nationwide. Mortgage rates have fallen significantly in the past few months and are expected to stabilize with an effective rate averaging 10.0% in Atlanta both in 1986 and 1987. Housing prices nationwide are up $10,100 in the past year, while the average house nationwide now costs $101,000. In Atlanta, housing prices are up $10,800 in the past year where an average home now costs $118,800.

Revenue growth for the second quarter of the new fiscal year in Georgia slowed to a gain of 8.4%. The rate of increase in December was a comparable 8.6%. This gain compares with increases of 11.4%, 9.3%, 13.8%, and 13.2% in previous quarters. Revenues will only be up 9.5% in the current fiscal year. This means that reserves from previous year surpluses will be necessary to meet the governor's budget. Our projections show revenue gains of 9.0% and 9.5% in the following two fiscal years.

Tax receipts from personal income in Georgia increased 10.4% from the previous year during the fall. This compares with gains of 13.5%, 7.9%, 18.0%, and 14.2% in previous quarters. All state and local governments showed increases in their income tax collections. Gains were 7.6%, 6.8%, 6.5%, 6.8%, and 5.5% in previous quarters. Sales tax receipts slowed to only a 7.5% gain from previous year levels in Georgia as compared to increases of 9.4%, 4.8%, 12.0%, and 12.9% in previous quarters. All state and local governments showed a similar pattern, with sales tax receipts slowing to a 6.6% gain from 9.0%, 8.1%, 7.8%, and 10.2% in previous quarters. Corporate profitability in Georgia remained strong, showing increases of 15.1% in corporate tax accruals as compared to 15.8%, 18.3%, 28.4%, and 32.8% in previous quarters. This slowing rate of growth still compares favorably with tax accruals for all state and local governments. Estimated tax accruals for all governments increased 12.7% in the fall as compared to a 2.2% gain in the summer. This was better than declines of 12.9% in the spring, 9.1% in the winter, and 2.8% in the previous fall. Tax collections in Georgia continue to remain stronger than nationwide, but the difference between Georgia and national performances continue to narrow. Tax receipts in Georgia probably have seen their last double-digit annual increases for the next few years.

SUMMARY OF OUTLOOK

Economic expansion in Georgia reached 5.0%. As employment showed a 4.8% increase, this suggests that productivity increased modestly. Of course, productivity gains nationwide were 0.3% for the year. Economic activity in Georgia is expected to expand 4.5% in 1986 before slowing to an increase of only 2% in 1987.

The declining dollar apparently has been sufficient to revitalize manufacturing payrolls in Georgia. However, a weakening national economy should once again put employment opportunities on hold in the manufacturing sector during 1987. Weakness will be recorded in durable manufacturing, where only lumber, fabricated metals, and electrical machinery are expected to avoid any periods of weakness. Retrenchment in automobile purchases should impact transportation equipment by 1987. In nondurables, weakness will be less widespread. Textiles are expected to continue declining despite weakness in the dollar. Part of this will be caused by a cyclical decline in the carpet industry that is expected to begin late in 1986 as construction activity nationwide begins to slow. In addition, the loss of a major tire plant will be reflected in payrolls for other nondurables. However, most of the other nondurables sectors should continue to add modestly to their payrolls during the next two years.

Slowing is expected in transportation services where problems with a major airline could create more payroll problems than currently is projected. Slowing nationwide also will restrain employment in trucking. Certainly, imbalances between taxable sales and employment in retail trade require some retrenchment there. However, employment will continue to grow, but at a subdued rate. Slower employment gains already appear to be resurfacing for private services as the service boom slowly winds down. Following a spurt in employment because of mergers at financial institutions, more subdued growth in services is expected in the next two years. Finally, federal budgetary restraints and reduced growth in state revenues will restrain gains in government payrolls over the next two years. Slowing in employment opportunities will be reflected in income gains during the next two years. Much of the slowing will be in manufacturing earnings and construction activity. In addition to smaller gains in wage and salary incomes, continued moderation in interest rates should restrain income growth for property income. Budgetary restraint will moderate transfer payments.

Disposable personal income will be growing about 6.5% both in 1986 and 1987 following an 8.5% rate of increase in 1985. After inflation, these increases correspond to slightly more than 5% gains in real purchasing power during 1985 and increases of approximately 2.5% in real purchasing power during 1986 and 1987.

Population movements probably are responding to more favorable employment climates in earlier years. Preliminary population estimates show that Georgia's population expanded almost 2.3% in 1985. In 1986, however, population gains are expected to slow, although net inmigration will remain significant even in 1987.

ATLANTA'S BOOM TO END WITHOUT A BUST

Data Revisions

Data revisions barely altered the magnitude of employment in Atlanta during 1985. Construction was hardly altered from preliminary data. However, employment in retail trade was even larger than first projected, adding to economic imbalances there. The boom in services was much more restrained, showing much more dramatic slowing in 1985 than suggested with preliminary data. Federal government payrolls expanded sharply while state and local payrolls hardly moved at all. The finance group rebounded much more sharply than originally reported but from a much lower employment base. Finally, the manufacturing sector in Atlanta was revised upward significantly in the revised data.

Most of the big adjustments in durable goods payrolls occurred in transportation equipment, where payrolls were revised upward by 2200. On the other hand, non-electrical machinery showed a much smaller rate of gain than originally projected. In nondurable manufacturing, textiles became even less important to the Atlanta economy than originally projected while paper and printing were much more significant.

In general, the data revisions show slightly greater manufacturing strength, little change in the importance of construction, and a more substantial excess in retail employment than originally projected. The boom in services is definitely slowing while government payrolls have added significantly to the Atlanta economy in the past two years.

Recent Conditions & Outlook

According to the seasonally adjusted employment figures presented in Table 5, payroll employment in Atlanta increased 4.8% at annual rates during the fourth quarter. Moreover, employment continued to grow vigorously in December. Virtually all sectors of the Atlanta economy except government contributed to this continued strength in employment gains. Nevertheless, the seasonally adjusted fourth quarter gain falls short of the 6.5% employment gain for 1985.

Construction continued to move sharply higher as many office buildings begun early in the year approached their maximum need for labor inputs. Strong construction employment gains are expected through the first half of 1986, as office building completions are expected to accelerate to 8.9 million square feet from less than six million in 1985. However, only an additional five million square feet are expected to be started in 1986, leading to a downturn in construction employment opportunities in 1987.

Manufacturing continues to show orderly expansion although weakness in apparel temporarily slowed manufacturing employment during the spring. Significant employment gains continue to be registered for the stone, clay group, most metals, and transportation equipment. Lumber and furniture appear to be without employment direction at the present time, while employment gains in the machinery industry remain modest.

Employment in nondurables show little trend at the present time, as textile employment continues to erode. However, employment is growing vigorously for printing and chemicals, while opportunities are declining for other nondurables.

All the service sectors continue to show significant employment gains except state and local government payrolls. Although service employment growth slowed between 1984 and 1985, little further slowing in employment opportunities is apparent. Employment gains remain strong in the financial sector and also continue to grow, but at diminished rates, for retail trade. After creating 78,000 additional jobs in 1985, employment gains in Atlanta are expected to slow to 52,000 in 1986 and only 34,500 in 1987.

Before inflation, disposable income probably increased slightly less than 10% in the Atlanta metropolitan area. Because of a 3% increase in the inflation rate for commodities in Atlanta, this probably translates into real disposable income approaching 7%. Certainly, the 9% increase in retail employment in Atlanta can only be justified if Atlantans reduced their savings or if sufficient purchases occurred from tourists and other transients. During the third quarter, taxable sales increased 8.5% in metro Atlanta. After inflation, this means that real taxable sales grew slightly less than 6%. Thus, Atlantans probably increased their savings along with the remainder of Georgians during that quarter. While the imbalance between retail employment and taxable sales is not dramatic, employment in the retail sector appears to be about two percentage points in excess of need at the present time. Assuming taxable sales will expand about 8% during the next two years and that inflation for commodities in Atlanta will continue to grow slightly less than 3%, retail employment gains should not exceed 5% during the next two years. Some retail employment excesses are expected to develop in 1986, followed by significant slowing in employment opportunities during 1987.

Although metro Atlanta showed little improvement in its year-over-year comparisons of taxable sales, Cherokee was able to rebound to a 21.2% gain, following only an 8.6% expansion in the first quarter. Clayton continued to outperform the metro area with a 15.7% taxable sales gain following a 15.1% second quarter improvement. Cobb continued to be a surprising source of relative weakness, with sales increasing only 10.9% following a 9.2% gain in the previous quarter. However, the opening of Town Center in late February should begin showing more favorable results at the expense of Cherokee early in 1986. Taxable sales in DeKalb were up only 5.3% as compared to a 4.0% gain in the previous quarter. Douglas slowed to a 9.5% gain versus 10.6%. Forsyth showed a sharp 23.3% gain following a surprisingly weak 12.3% expansion in the previous quarter. Sales in Fulton continued to slow to only a 4.5% gain from 5.3% in the previous quarter. Gwinnett continued its rapid taxable sales gains, showing a 27.3% increase over the previous year. Rockdale and Paulding showed significant gains in taxable sales, but they do not account for much of metro Atlanta's activity.

Population estimates at the bottom of Table 4 show a surge in the past two years. As employment opportunities gradually slow, this rate of inmigration should also diminish. Although Atlanta permitted more than 44,000 housing units, current population increases could absorb as many as 50,000 units. Of course, housing imbalances can occur as a result of inappropriate price ranges for the units being built, too many condominiums or too much rental property in the wrong areas. Gwinnett continued to show the most single-family activity in the fourth quarter, although permits slowed slightly from a year ago. More significantly, rental units in Gwinnett showed a dramatic slowing in the last quarter of 1985 from comparable 1984 performances. Cobb also slowed in single-family permits, but experienced a dramatic surge of almost 1400 multi-units permitted in the fourth quarter alone. Significant fourth quarter permits for

rental property also developed for Clayton, DeKalb, and Fulton. The 773 rental units permitted in Clayton is the largest multi-family activity in that county since 1973. Clayton also experienced significant increases in single-family permits. Single-family permits also were higher than the previous year in Fulton, Fayette, Douglas, Forsyth, and Henry. Single-family permits slowed slightly in Cherokee and Rockdale and experienced a sharp slowing in DeKalb.

Single-family activity is expected to continue expanding in Gwinnett, Fulton, and Cobb during 1986. However, no county is expected to show significantly greater multi-family units permitted for 1986 than 1985. Further reductions in multi-families are anticipated in 1987, although the single-family market is expected to remain strong.

The latest Coldwell Banker analysis shows that suburban vacancy rates in Atlanta are now at 20.0%, although downtown rates have slipped back to only 12.8% vacant. These still compare favorably with vacancy rates of 16.5% for downtown areas nationwide and 22% for suburban vacant units. These figures strongly suggest that suburban construction provides the greatest overbuilding problem in metro Atlanta.

Industrial activity showed no further increases in vacant rates during the fourth quarter. Atlanta's vacancy rates remain below the national average and the ability to absorb property being completed in the fourth quarter suggests no significant overbuilding problem has developed. However, a decline in public construction as highway expansion programs become completed should cause construction in Atlanta to decline significantly during the next two years.

Despite the slowing in employment opportunities, Atlanta will continue to outperform the state during the next two years. Population gains almost certainly will slow from their hectic gains of 1984 and 1985, but inmigration is expected to continue for the forseeable future. As long as Atlanta remains attractive as an important service center, the slowing expected for construction and the moderation in growth of retail jobs should not be sufficient to cause noticeable weakness in the Atlanta economy.

Georgia State University
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Economic Forecasting Center
February 1986

Table 1

Georgia Wage & Salary Employment for 1984 and 1985 with Forecasts for 1986 Through 1987
(Thousands)

Industry	1984(r)	1985(r)	1986	1987	83-84	84-85	85-86	86-87
1. Mining	7.8	8.0	8.2	8.2	6.8	2.6	2.5	0.0
2. Construction	131.5	145.6	149.3	145.7	20.9	10.7	2.5	-2.4
3. Manufacturing	546.5	554.3	560.4	560.7	6.9	1.4	1.1	0.1
Durables	207.6	217.6	220.8	219.1	12.0	4.8	1.5	-0.8
Lumber	34.0	35.3	35.4	35.6	9.7	3.8	0.3	0.6
Furniture	11.0	11.9	11.6	11.5	11.1	8.2	-2.5	-0.9
Stone, Clay, Glass	18.8	19.7	20.3	20.1	6.2	4.8	3.0	-1.0
Primary Metals	16.2	16.5	16.6	16.3	8.0	1.9	0.6	-1.8
Fabricated Metals	20.3	20.6	21.0	21.0	8.0	1.5	1.9	0.0
Nonelectrical Machinery	24.2	25.6	26.4	26.1	15.2	5.8	3.1	-1.1
Electrical Machinery	26.5	27.0	27.5	27.5	7.3	1.9	1.9	0.0
Transportation Equipment	44.1	48.8	50.6	49.9	23.5	10.7	3.7	-1.4
Other Durables	12.4	12.2	11.4	11.1	6.0	-1.6	-6.6	-2.6
Nondurables	338.9	336.6	339.6	341.6	4.1	0.8	0.9	0.6
Food	57.2	58.7	59.9	61.0	0.4	2.6	2.0	1.8
Textiles	104.9	100.9	100.8	100.1	1.8	-3.8	-0.1	-0.7
Apparel	75.1	71.0	72.5	73.3	7.3	-5.5	2.1	1.1
Paper	29.9	30.3	31.1	31.6	4.9	1.3	2.6	1.6
Printing	30.8	33.9	34.9	35.5	12.0	10.1	2.9	1.7
Chemicals	18.9	19.3	19.6	19.9	5.6	2.1	1.6	1.5
Leather	1.7	1.6	1.5	1.4	-10.5	-5.8	-6.3	-6.7
Other Nondurables	20.4	20.9	19.3	18.8	4.1	2.5	-7.7	-2.6
4. Transportation, Comm. & Utilities	156.5	162.4	165.4	168.5	6.0	3.8	1.8	1.9
5. Trade	602.4	648.0	676.7	699.0	10.1	7.6	4.4	3.3
Wholesale	187.6	198.0	201.5	204.3	10.7	5.5	1.8	1.4
Retail	414.9	450.0	475.2	494.7	9.7	8.6	5.6	4.1
6. Finance, Ins. & Real Estate	128.3	137.1	144.7	149.9	5.3	6.9	5.5	3.6
7. Services	433.7	463.1	483.2	501.9	9.1	6.8	4.3	3.9
8. Government	442.0	447.3	453.3	455.8	1.0	1.2	1.3	0.6
Federal	89.5	94.1	98.7	99.2	4.3	5.1	4.9	0.5
State	103.8	104.4	105.0	105.6	NA	0.6	0.6	0.6
Local	248.7	248.8	249.6	251.0	NA	0.4	0.3	0.6
Total Wage & Salary Employment	2448.7	2565.8	2641.2	2689.7	7.4	4.8	2.9	1.8

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Table 2

Georgia Personal Income for 1984 and 1985 with Forecasts for 1986 and 1987
(Millions of Dollars)

	1984	1985(r)	1986	1987	83-84	84-85	85-86	86-87
Labor & Proprietors' Income:								
1. Wage & Salary Income	43301	47764	51175	54654	12.4	10.3	7.1	6.8
2. Other Labor Income	4553	5084	5475	5863	16.4	11.7	7.7	7.1
3. Proprietors' Income	3870	3921	4222	4350	27.3	1.3	7.7	3.0
Farm	929	676	711	751	75.2	-27.2	5.2	5.6
Nonfarm	2941	3245	3511	3599	17.2	10.3	8.2	2.5
Labor & Proprietors' Income:								
1. Farm	1130	893	936	985	55.9	-21.0	4.8	5.2
2. Mining	201	218	229	238	16.2	8.5	5.0	4.0
3. Contract Construction	3049	3567	3804	3842	26.0	17.0	6.6	1.0
4. Manufacturing	11483	12413	13024	13570	13.3	8.1	4.9	4.2
Durables	5001	5594	5903	6121	18.3	11.9	5.5	3.7
Nondurables	6482	6819	7121	7449	9.8	5.2	4.4	4.6
5. Transportation & Utilities	5062	5472	5741	6141	9.1	8.1	4.9	7.0
6. Trade	10061	11220	12149	13099	16.6	11.5	8.3	7.8
Wholesale	4917	5523	5874	6253	18.1	12.3	6.4	6.5
Retail	5144	5697	6275	6846	15.3	10.8	10.1	9.1
7. Finance, Ins. & Real Estate	3102	3434	3824	4199	15.7	10.7	11.4	9.8
8. Services	8562	9651	10624	11675	15.7	12.7	10.1	9.9
9. Other Industries	188	233	255	276	15.3	23.8	9.4	8.2
10. Government	9137	9668	10286	10842	7.4	5.8	6.4	5.4
Federal Civilian	2279	2453	2624	2703	8.8	7.6	7.0	3.0
Federal Military	1411	1520	1601	1666	7.5	7.7	5.3	4.1
State & Local	5447	5695	6061	6473	6.9	4.6	6.4	6.8
Plus:								
Property Income	10377	10916	11263	12254	15.2	5.2	3.2	8.8
State U.I. Benefits	196	222	239	293	-31.7	13.3	7.7	22.6
Other Transfers	8150	8674	9194	9709	4.5	6.4	6.0	5.6
Residence Adjustment	-133	-168	-186	-193	35.7	26.3	10.7	3.8
Less: Social Ins. Contributions	3148	3667	4066	4451	14.0	16.5	10.9	9.5
Equals: Total Personal Income	67416	72746	77316	82479	12.9	7.9	6.3	6.7
Nonfarm Personal Income	66285	71853	76380	81494	12.4	8.4	6.3	6.7
% of U.S. Nonfarm	2.23	2.28	2.28	2.30				
Population	5842	5976	6091	6200	1.92	2.29	1.93	1.78

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Table 3 Atlanta MSA Wage and Salary Employment for 1984 and 1985 with forecasts through 1987
(Thousands)

Industry	1984	1985	1986	1987	84-85	85-86	86-87
1. Mining	1.1	1.2	1.2	1.2	9.0	0.0	0.0
2. Contract Construction	63.6	73.4	77.1	73.5	15.4	5.0	-4.7
3. Manufacturing	175.3	183.0	187.1	187.8	4.4	2.2	0.4
Durables	89.1	95.4	98.0	97.6	7.1	2.7	-0.4
Lumber	3.8	4.3	4.3	4.3	13.2	0.0	0.0
Furniture	4.6	4.9	5.0	4.9	6.5	2.0	-2.0
Stone, Clay, Glass	8.7	9.3	10.1	10.0	6.9	8.6	-1.0
Primary Metals	6.4	7.0	7.3	7.2	9.4	4.3	-1.4
Fabricated Metals	8.8	9.2	9.3	9.3	4.5	1.1	0.0
Nonelectrical Machinery	9.6	10.2	10.9	11.1	6.3	6.9	1.8
Electrical Machinery	13.2	13.7	14.3	14.4	3.8	4.4	0.7
Transportation Equipment	28.6	31.3	32.0	31.5	9.4	2.2	-1.6
Other Durables	5.3	5.6	4.8	4.9	5.7	-14.3	2.1
Nondurables	86.2	87.5	89.1	90.2	1.5	1.8	1.2
Food	19.9	20.2	20.5	20.7	1.5	1.5	1.0
Textiles	8.4	7.7	7.4	7.5	-8.3	-3.9	1.4
Apparel	13.2	12.6	13.0	13.2	-4.5	3.2	1.5
Paper	8.4	8.5	8.7	8.8	1.2	2.4	1.1
Printing	19.8	21.3	22.1	22.5	7.5	3.8	1.8
Chemicals	9.3	9.8	10.4	10.6	5.4	6.1	1.9
Other Nondurables	7.3	7.4	7.0	6.9	1.4	-5.4	-1.4
4. Transportation, Comm. & Utilities	100.4	104.6	106.5	108.5	4.2	1.8	1.9
5. Trade	337.6	364.4	382.0	395.2	7.9	4.8	3.5
Wholesale	124.0	131.5	136.3	138.9	6.0	3.7	1.9
Retail	213.6	232.8	245.7	256.3	9.0	5.5	4.3
6. Finance, Ins. and Real Estate	82.4	89.4	94.1	98.3	8.5	5.3	4.5
7. Services	258.7	278.5	296.4	312.9	7.7	6.4	5.6
8. Government	174.3	177.0	179.2	180.7	1.5	1.2	0.8
Federal	36.1	38.3	39.2	39.4	6.1	2.3	0.5
State	35.2	35.3	35.6	36.0	0.3	0.8	1.1
Local	103.0	103.5	104.4	105.3	0.5	0.9	0.9
Total Wage & Salary Employment	1193.5	1271.5	1323.6	1358.1	6.5	4.1	2.6

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Table 4 Atlanta MSA Personal Income for 1984 and 1985 with Forecasts through 1987
(Millions of Dollars)

	1984	1985	1986	1987	83-84	84-85	85-86	86-87
Labor & Proprietors' Income:								
1. Wage & Salary Income	23538	26171	28368	30558	14.3	11.2	8.4	7.7
2. Other Labor Income	2449	2765	3003	3243	17.3	12.9	8.6	8.0
3. Proprietors' Income	1570	1755	1917	1962	21.0	11.8	9.2	2.3
Farm	98	86	88	79	48.5	-12.2	2.3	-10.2
Nonfarm	1472	1669	1829	1883	19.6	13.4	9.6	2.9
Labor & Proprietors' Income:								
1. Farm	113	102	105	98	41.3	-9.7	2.9	-6.7
2. Contract Construction	1560	1899	2071	2045	27.7	21.7	9.1	-1.3
3. Manufacturing	4390	4858	5156	5390	15.6	10.7	6.1	4.5
Durables	2515	2872	3065	3190	20.1	14.2	6.7	4.1
Nondurables	1875	1986	2091	2200	10.1	5.9	5.3	5.2
4. Transportation & Utilities	3564	3867	4056	4340	10.4	8.5	4.9	7.0
5. Trade	6607	7407	8076	8720	16.2	12.1	9.0	8.0
Wholesale	3775	4258	4612	4934	17.3	12.8	8.3	7.0
Retail	2832	3149	3464	3786	14.8	11.2	10.0	9.3
6. Finance, Ins. & Real Estate	2172	2439	2712	3003	15.9	12.3	11.2	10.7
7. Services	5484	6230	6990	7801	16.9	13.6	12.2	11.6
8. Other Industries	135	154	166	179	13.5	14.2	7.8	8.0
9. Government	3532	3735	3956	4187	7.7	5.7	5.9	5.8
Federal Civilian	992	1077	1125	1158	7.1	8.6	4.4	3.0
Federal Military	192	204	213	222	5.7	6.3	4.2	4.3
State & Local	2348	2454	2618	2807	8.1	4.5	6.7	7.2
Plus:								
Property Income	4799	5063	5281	5777	15.9	5.5	4.3	9.4
Transfer Payments	2972	3174	3368	3587	3.8	6.8	6.1	6.5
Residence Adjustment	-768	-804	-826	-844	9.6	4.7	2.7	2.2
Less: Social Ins. Contributions	1710	2008	2252	2487	15.3	17.4	12.2	12.4
Equals: Total Personal Income	32850	36116	38859	41796	14.1	9.9	7.6	7.6
Nonfarm Personal Income	32737	36030	38771	41698	14.0	10.1	7.6	7.6
% of Georgia Nonfarm	49.39	50.14	50.76	51.17	----	----	---	---
Population (#,Thousands)*	2403	2502	2592	2677	4.0	4.1	3.6	3.3

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Table 5

Seasonally Adjusted Nonagricultural Employment
(Thousands)

	Georgia						Atlanta					
	84-4	85-1	85-2	85-3(r)	85-4(p)	Dec(p)	84-4(r)	85-1	85-2	85-3(r)	85-4(p)	Dec(p)
Total	2501.5	2527.9	2556.6	2577.7	2599.3	2610.5	1233.8	1246.2	1263.4	1280.9	1296.0	1308.3
Mining	8.0	7.9	8.0	8.0	8.1	8.2	1.2	1.2	1.2	1.3	1.2	1.2
Contract Construction	137.7	140.2	143.4	146.9	151.6	154.6	68.5	70.7	71.9	73.3	77.7	78.3
Manufacturing	554.4	554.4	551.5	551.8	559.2	560.5	181.3	182.0	181.1	183.8	185.6	186.2
Durables	214.0	216.9	217.2	216.5	219.5	220.1	93.9	94.6	94.3	95.6	97.7	97.6
Lumber	34.4	35.4	35.5	35.1	35.2	35.6	4.1	4.3	4.3	4.4	4.3	4.3
Furniture	11.2	11.5	12.2	12.1	11.8	11.7	4.5	4.7	4.9	5.1	4.9	4.9
Stone, Clay, Glass	19.2	19.4	19.6	19.6	20.1	20.3	8.7	9.0	9.1	9.4	9.7	10.0
Primary Metals	16.8	16.3	16.5	16.5	16.5	16.5	6.9	6.5	6.8	7.1	7.5	7.4
Fabricated Metals	20.3	20.4	20.6	20.7	20.8	20.8	9.1	9.0	9.2	9.4	9.7	9.3
Nonelectrical Machinery	25.1	25.5	25.5	25.4	26.1	26.2	10.2	10.0	9.9	10.2	10.6	10.7
Electrical Machinery	27.2	27.2	26.7	26.9	27.1	27.3	13.7	13.7	13.6	13.8	13.9	14.0
Transportation Equipment	47.4	48.7	48.1	47.9	50.4	50.9	31.2	31.8	30.7	30.3	32.4	32.2
Other Durables	12.4	12.5	12.5	12.3	11.5	11.5	5.5	5.6	5.8	5.9	5.1	4.8
Nondurables	340.4	337.5	334.3	335.3	339.7	339.7	87.4	87.4	86.8	88.2	87.9	88.6
Food	57.7	58.6	58.8	58.6	59.2	59.6	20.2	20.4	20.2	20.0	20.3	20.5
Textiles	103.2	102.0	100.3	99.7	101.5	101.1	8.2	7.7	7.7	8.0	7.5	7.5
Apparel	75.4	71.4	70.1	70.5	72.2	72.0	13.6	12.8	12.3	12.7	12.8	12.8
Paper	29.7	30.3	29.8	30.4	30.4	30.7	8.4	8.4	8.3	8.7	8.5	8.6
Printing	32.2	33.4	33.5	34.1	34.6	34.7	20.3	21.1	21.1	21.4	21.7	21.9
Chemicals	19.8	19.2	19.3	19.3	19.4	19.4	9.4	9.5	9.7	9.8	10.1	10.3
Leather	1.7	1.8	1.6	1.6	1.5	1.6	----	----	----	----	----	----
Other Nondurables	20.7	20.8	20.9	21.1	20.9	20.6	7.3	7.5	7.5	7.6	7.0	7.0
Transportation, Comm. & Util.	159.5	161.2	162.0	163.1	163.3	163.9	103.2	103.5	104.5	105.1	105.4	105.9
Trade	623.3	634.7	646.1	652.7	658.1	660.7	351.1	356.2	362.1	367.6	371.7	378.4
Wholesale	192.5	195.4	198.2	198.6	199.8	200.4	127.9	128.3	131.3	132.2	134.5	134.8
Retail	430.8	439.3	447.9	454.1	458.3	460.3	223.2	227.9	230.8	235.4	237.2	238.6
Finance, Ins. & Real Estate	131.6	133.8	136.2	138.3	139.8	140.5	85.6	87.1	88.5	90.7	91.2	91.8
Services	443.5	452.8	461.9	466.2	470.9	473.0	265.3	271.4	276.6	280.2	285.7	287.9
Government	443.5	442.9	447.5	450.7	448.3	449.1	177.6	174.1	177.5	178.9	177.5	178.6
Federal	90.9	92.0	94.2	94.5	95.7	97.0	37.1	37.7	38.5	38.2	38.5	39.7
State & Local	352.6	350.9	353.3	356.2	352.6	352.1	140.5	136.4	139.0	140.7	139.0	138.9

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Table 6 Metro Atlanta Housing Permits for 1982 through 1984 with Forecasts through 1987

	1982		1983		1984		1985		1986		1987	
County	single	multi	single	multi	single	multi	single	multi	single	multi	single	multi
Butts	----	----	----	----	----	---	66	4	60	0	60	0
Cherokee	885	0	1172	14	1466	28	1632	155	1620	130	1630	80
Clayton	642	28	1269	6	1143	576	1408	1424	1360	1000	1400	720
Cobb	3337	824	5986	4243	6365	3095	6140	2576	6220	1650	6160	1320
DeKalb	2023	1107	3119	4371	3227	2965	3591	3397	3500	2750	3270	2160
Douglas	307	4	658	6	533	8	705	186	810	220	780	280
Fayette	----	----	----	----	----	----	692	0	695	0	710	0
Forsyth	277	30	463	14	609	57	720	74	730	100	760	140
Fulton	2175	2601	2634	2252	2979	3680	3198	3992	3220	3520	2940	2760
Gwinnett	3686	1523	5980	3226	5977	6155	7117	3911	7450	3200	7050	2760
Henry	334	10	602	18	656	56	902	123	950	150	1000	150
Newton	----	----	----	----	----	----	311	14	340	20	390	40
Paulding	----	----	----	----	----	----	718	0	760	0	810	0
Rockdale	261	138	437	144	623	83	692	120	680	90	670	130
Walton	----	----	----	----	----	----	286	0	310	0	340	0
Total	13936	6265	22320	14394	23653	16703	28178	15976	28705	12830	27970	10540
% Change From Previous Year	+37.7	+10.9	+60.2	+129.8	+6.0	+16.0	+10.6	-4.5	+4.9	-19.7	-2.6	-17.8
% Change in Total (single + multi)	+28.0		+81.7		+9.9		+3.9		-5.9		-7.3	
Estimated Potential Absorption (000)	23.4		33.0		42.6		50.3		45.7		43.1	

NOTE: The 1983 % change figures do not include Marietta. Totals for 1982 do not contain Marietta. Marietta figures are included in 1983 totals and beyond. Condominiums are included in the multi-family totals. Fee simple town homes are included in the single-family category. Counties added in 1985 are in totals for that year but are not included in changes until 1986.

Source: Homebuilders Association of Metro Atlanta

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Table 7

Georgia Employment in 1990

	1984	1990	% Change	Annual Rate	Previous Annual Rate
Mining	7.8	8.5	9.0	1.4	3.0
Construction	131.5	168.8	28.4	4.2	5.9
Manufacturing	546.5	592.0	8.3	1.3	2.2
Durables:	207.6	236.9	14.1	2.2	3.8
Lumber	34.0	37.3	9.7	1.6	3.5
Furniture	11.0	12.4	12.7	2.0	2.7
Stone, Clay, Glass	18.8	22.1	17.6	2.7	1.9
Primary Metals	16.2	17.9	10.5	1.7	2.4
Fabricated Metals	20.3	22.1	8.9	1.4	1.2
Nonelectrical Machinery	24.2	29.5	21.9	3.4	6.5
Electrical Machinery	26.5	29.9	12.8	2.0	4.3
Transportation Equipment	44.1	53.7	21.8	3.3	4.5
Other Durables	12.4	12.0	-3.3	-0.5	4.9
Nondurables:	338.9	355.1	4.8	0.8	1.2
Food	57.2	66.4	16.1	2.5	0.7
Textiles	104.9	95.3	-9.2	-1.6	-0.7
Apparel	75.1	76.9	2.4	0.4	1.4
Paper	29.9	34.2	14.4	2.3	2.2
Printing	30.8	40.1	30.2	4.5	4.9
Chemicals	18.9	21.5	13.8	2.2	3.3
Leather	1.7	1.2	-29.4	-5.6	-2.8
Other Nondurables	20.4	19.5	-4.4	-0.7	2.8
Transportation, Comm. & Utilities	156.5	183.2	17.1	2.7	2.2
Trade:	602.4	790.0	31.1	4.6	5.5
Wholesale	187.6	225.3	20.1	3.1	4.7
Retail	414.9	564.7	36.1	5.3	5.8
Finance, Ins. & Real Estate	128.3	171.9	34.0	5.0	5.1
Services	433.7	588.4	35.7	5.2	6.8
Government:	442.0	469.9	6.3	1.0	0.8
Federal	89.5	104.6	16.9	2.6	1.6
State	103.8	108.9	4.9	0.8	n.a
Local	248.7	256.4	3.1	0.5	n.a.
Total Wage & Salary	2448.7	2972.7	21.4	3.3	4.0
Population	5842	6532	11.8	1.88	1.79

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Table 8

Georgia Personal Income
in 1990

	1984	1990	% Change	Rate	Previous Growth Path
Labor & Proprietors' Income :					
1. Wage & Salary Income	43301	70675	63.2	8.5	8.9
2. Other Labor Income	4553	7411	62.8	8.5	12.6
3. Proprietors' Income:	3870	5490	41.9	6.0	9.2
Farm	929	883	-5.0	-0.8	8.9
Nonfarm	2941	4607	56.6	7.8	9.3
Labor & Proprietors' Income:					
1. Farm	1130	1155	2.2	0.4	7.6
2. Mining	201	285	41.8	6.0	n.a
3. Contract Construction	3049	5252	72.3	9.5	11.4
4. Manufacturing:	11483	16715	45.6	6.5	7.8
Durables	5001	7810	56.2	7.7	9.4
Nondurables	10061	17133	70.3	9.3	11.0
5. Transportation, Comm. & Utilities	506.2	7879	55.6	7.7	9.0
6. Trade:	10061	17133	70.3	9.3	11.0
Wholesale	4917	8068	64.1	8.6	11.1
Retail	5144	9065	76.2	9.9	10.9
7. Finance, Insurance & Real Estate	3102	5730	84.7	10.8	12.7
8. Services	8562	16151	88.6	11.2	13.3
9. Other Industries	188	342	81.9	10.5	8.8
10. Government:	9137	13219	44.7	6.3	7.0
Federal Civilian	2279	3278	43.8	6.2	5.0
Federal Military	1411	2249	59.4	8.1	8.1
State & Local	5447	7692	41.2	5.9	7.6
Plus:					
Property Income	10377	15437	48.8	6.8	9.4
State (U.I.) Benefits*	196	292	49.0	6.9	-1.4
Other Transfer Payments	8150	11728	43.9	6.3	6.8
Residence Adjustment	-133	-272	-	-	-
Less: Social Ins. Contributions	3148	6446	104.8	12.7	11.7
Equals: Total Personal Income	67416	104315	54.7	7.5	9.3
Real Personal Income**	29084	34553	18.8	2.9	4.2
Adjusted PCE Deflator**	231.8	301.9	30.2	4.6	4.9

** Assuming CPI rises 4.5% per year, adjusted to reflect difference from national purchasing power, and to eliminate CPI bias.
* Assuming 4.5% unemployment rate in 1990.

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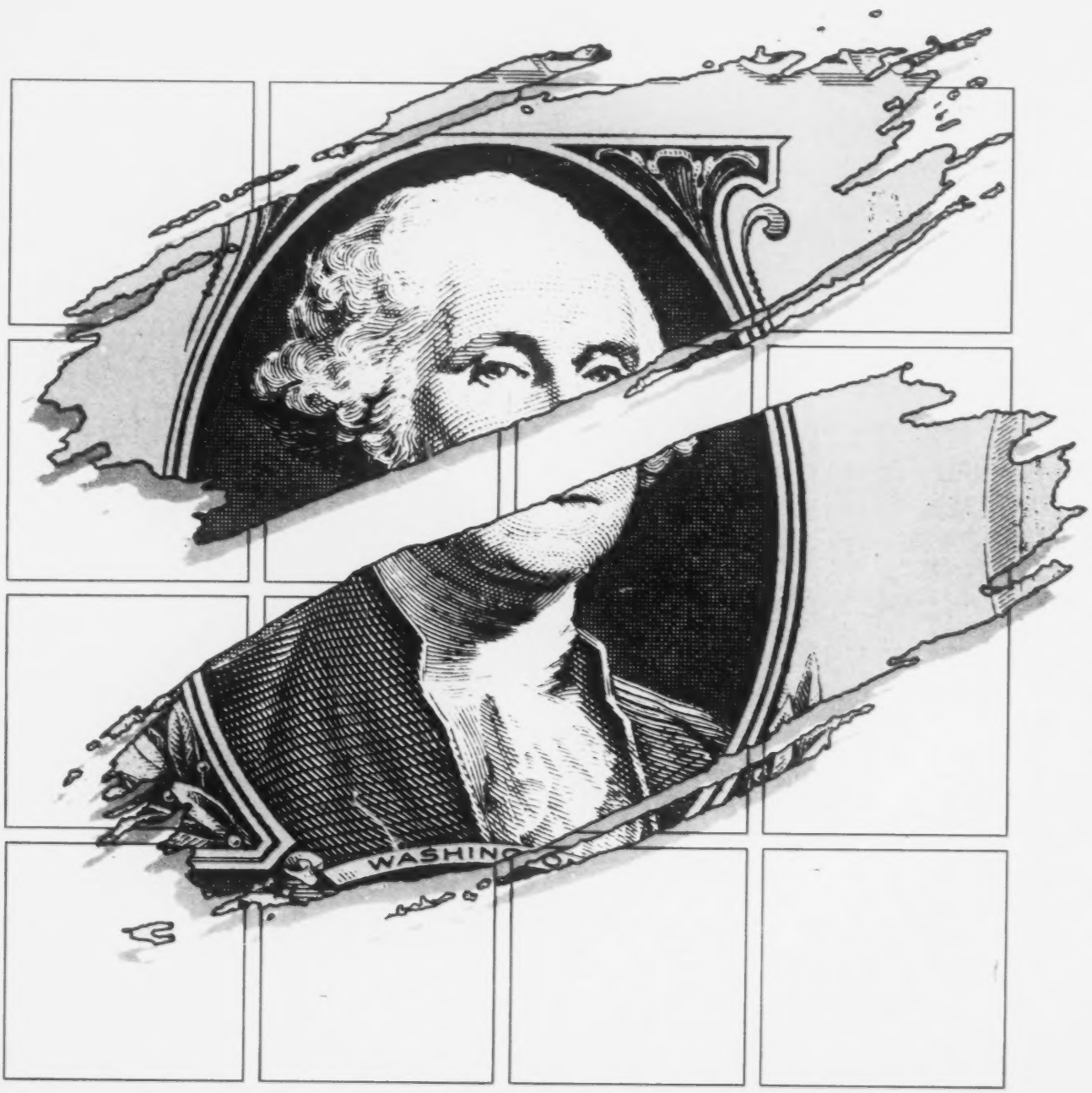

SLOWER SERVICE ECONOMY GROWTH SLOWS GEORGIA GROWTH IN NEXT TWO YEARS

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Summary

The dollar's decline already has begun to strengthen Georgia manufacturing, although gains in textiles reflect strong carpet activity, which will diminish as automobile activity slows and the building boom ends nationwide. Nevertheless, moderate gains in manufacturing jobs over the next two years will prevent any recessionary pressures from materializing. In addition, falling oil prices have significantly improved consumer purchasing power in the state, thus justifying most of the retail employment that has materialized in the past two years. Also, the lodging industry should perform well, although current employment estimates show a smaller rate of rebound in lodging employment than appears consistent with newly opening facilities.

Data problems may also be partly responsible for the abrupt slowing of employment opportunities in business services during the past year. In particular, estimates of a 500 job reduction in business services in the Atlanta area is not credible. However, the boom in business services, which exceeded 20% growth in 1984, definitely is over for this cycle. Not only does this mean much slower growth in the service component over the next two years, but it probably also means that absorption rates in nonresidential structures will diminish. This should accentuate the correction in construction that already is anticipated late this year.

Even with projected employment growth of a moderate 2.8% in 1986 and a sluggish 1.6% gain in 1987, Georgia's personal income is expected to grow more rapidly than in the U. S. during both years. Georgia's growth in gross state product is expected to exceed national growth by less than one percentage point in both years, showing a growth rate of 3.5% in 1986 and 3.0% in 1987.

Recent Conditions

Although nonfarm personal income in Georgia exceeded gains in the nation by 1.8 percentage points in 1985, Georgia's economy during the fourth quarter slipped slightly below national rates of growth, gaining only 1.2% as opposed to 1.3% for the nation. However, most of the differential was in property income and state unemployment benefits. Property income declined in Georgia while showing moderate gains nationwide. Unemployment benefits also fell significantly in Georgia while they were largely unchanged in the nation.

Wages and salaries showed the same 1.7% gains in Georgia as nationwide, while proprietors' income for nonfarm activity showed more significant gains in Georgia than in the nation. Farm income grew more slowly in Georgia than nationwide, but largely because crop subsidies were less significant in the state than in the nation. The poultry industry performed well all year, if egg production is excluded.

Construction led wage gains in Georgia, expanding 4.3% in the quarter as compared to a 1.5% gain nationwide. Because of a wage increase in December, military payrolls also expanded sharply in Georgia, but the 4.2% gain trailed 4.6% nationwide. Other large wage gains in Georgia included the finance group, where a 3.3% gain was more vigorous than 3.1% nationwide, and services, where a 2.7% gain duplicated the gain recorded nationwide. Despite favorable budgetary conditions, state and local payrolls showed only a 0.2% gain in Georgia as compared to a 1.8% gain nationwide over the quarter. For the year, the 6.6% gain in Georgia also trailed the 7.5% gain nationwide. On the other hand, federal civilian payrolls grew more rapidly in Georgia, expanding 1.7% in the quarter as compared to only 0.7% nationwide. Both wholesale and retail trade payrolls slowed sharply in Georgia relative to the nation, with retail activity showing minimal gains. On the other hand, nondurable payrolls rebounded in Georgia as a result of strong gains in the carpet industry. Despite the sharp slowing in relative payroll gains in Georgia during the fourth quarter, wages and salaries expanded 6.7% in the past year, far ahead of the 6.4% gains recorded in the nation.

Georgia's coincident indicators revealed a modest rebound during the first three months of 1986, suggesting that gross state product increased in excess of 5%. This is associated with the rebound in manufacturing activity. Early in the quarter, large contributions to the coincident indicators were generated by the index of hours worked, bank deposits, which had fallen significantly in the previous quarter, corporate tax accruals, and a favorable insured unemployment rate. In March, however, a deterioration in corporate tax accruals, corresponding with significant slowing in hours worked, suggests that more moderate gains should be anticipated in the Georgia economy during the spring. Also, the coincident index is growing faster than the index of hours worked, suggesting that productivity gains are developing in the first quarter, just as they materialized nationwide. In contrast, the index of hours worked grew more rapidly than the coincident indicators during the fourth quarter, suggesting a weakening in productivity, which is also consistent with the sharp decline in productivity nationwide.

Unfortunately, the leading indicators are not revealing robust growth ahead. In the past three months, the leading indicators have grown much more slowly than the coincident indicators, suggesting that current rates of growth are not sustainable. In February and March, the leading indicators increased only 0.1%. This relatively sluggish performance of the leading indicators contrasts with more favorable gains nationwide, but our indicators are not being dramatically aided by the stock market and real money balance statistics that are generating such favorable conditions for the national economy. Indeed, four of the six available leading indicators fell in March. However, relatively significant declines in unemployment claims and a spurt in inflation-adjusted revenues, as a result of declining prices, was more than sufficient to offset weakness in adjusted sales tax and residential permits. Nonresidential permits also fell slightly and the workweek shortened for the second consecutive month. Thus, underlying conditions were not favorable for continued rapid growth in the Georgia economy over the next six months.

The index of leading-to-coincident indicators continued to sag significantly. In the past year, the leading indicators have grown slightly less than the coincident

indicators, suggesting that slower growth is ahead. Despite the slowing in the leading indicators, however, a decline occurred only in December during the past six months. Thus, no recession is looming on the horizon, even if slower growth seems to be likely.

Although the indicators suggest that Georgia's rate of growth will slow ahead, our seasonally adjusted estimates of payroll employment during the first quarter showed a vigorous 5.2% expansion, far in excess of the 3.5% registered in the nation. This suggests that personal income will spurt in Georgia relative to the nation in the first quarter, even if the indicators suggest it will then slow in subsequent quarters. Seasonally adjusted employment estimates for March show a decline from first quarter averages, but seasonal factors are very difficult to capture in March and April because of the shifting timing of the Easter season.

During the first quarter, construction continued to boom even if nonresidential building permits began to soften in March. Durable manufacturing continued to recover from last summer's weakness. Gains were especially noteworthy in building materials, primary metals, electrical machinery, and transportation equipment. One auto assembly plant is now suffering temporary layoffs for inventory purposes. However, the strength in construction materials and primary metals show little abatement at the present time. On the other hand, weakness appears to be developing for nonelectrical machinery, just as it has in the national economy. When the building boom slows late this year, building materials may weaken, although the primary metals industries may continue their recovery because of improving competitiveness abroad resulting from weakness in the dollar.

Nondurable manufacturing continued to rebound from weakness last spring as strength in the carpet industry offset continued weakness in cotton weaving. The apparel industry also has rebounded, with strength in both men's and women's apparel. Rapid employment gains in printing are continuing, although the rate of growth has slowed from unsustainable levels. The chemical industry is showing some weakness, as problems have developed in the Union Carbide Plant in Brunswick and agricultural chemicals are struggling. The tire plant is now closed in Albany, Georgia, which will create a dramatic drop in employment for other nondurables in the second quarter. Also, weakness may surface in the carpet industry late this year. However, enough strength should persist in other nondurables industries to generate gains for the year.

Rehiring by some airlines has been reflected in a spurt in transportation payrolls. In addition, the shake-out in the trucking industry appears to be nearing an end. Thus, significant gains are expected in the transportation category through the year. Fortunately, the runaway growth in trade employment has diminished significantly. Wholesale payrolls are growing at less than sustainable rates, after two years of growth more than twice long-term trend. By the end of this year, more significant gains in wholesale payrolls could reappear. Similarly, the spurt in retail payrolls has moderated, although first quarter estimates reveal relatively vigorous gains. While Georgia continues to be overstored, retail employment gains have slowed while the decline in oil prices should accelerate retail sales. Current payroll gains appear to be close to sustainable rates of expansion, but further slowing may be necessary to remove previously accumulated excesses. A spurt in the finance group appears to be the result of stock market gains and growth in Georgia banking. Real estate should show hefty gains this year, although economic conditions may not support vigorous real estate gains next year.

The largest surprise in near-term performance is the decided weakness in employment gains for the service sector. Payrolls in business services are now growing less than 1%. They were growing in excess of 20% only two years ago. Unusually low

gains estimated for the lodging industries suggests that incomplete payroll estimates are being derived in the service sector at the present time. Certainly, the additional lodging facilities in Atlanta during the past year added more than a net 100 addition to lodging payrolls over that period of time. However, this weakness in service expansion will provide a significant employment drag upon the Georgia economy that is only partially offset by improving prospects in manufacturing.

Finally, federal civilian payrolls have spurted in the past year, partially in response to the growing population needs in Georgia. In addition, developments at King's Bay and at other military installations require increased civilian support. Clearly, this spurt in federal payrolls cannot persist, especially in this budget balancing environment. By contrast, payrolls in state and local governments are growing at unusually slow rates, especially for a state that is not suffering the budgetary problems of many other states.

Taxable sales in Georgia slowed abruptly to only a 6.9% annual gain in 1985, following a 14.8% spurt in 1984. By the fourth quarter, taxable sales were only 5.8% above previous year levels. With inflation of taxable goods at nearly 3%, this means that the volume of sales probably rose slightly less than 4%. Obviously, the 8.6% gain in retail employment is excessive by nearly five percentage points. In 1984, by contrast, the 11% increase in the volume of taxable sales corresponded closely with a 9.7% gain in retail employment. With such an overhang of retail employment, a more decided slowing in employment growth than the 5.2% gain in 1986 could be justified. However, Georgians probably added to savings in 1985 as disposable nonfarm personal income probably increased 8%. Assuming an 8% growth in service expenditures, savings would have risen by a full percent. This provides increased capacity to engage in consumer spending during the next two years.

In the past two months, consumer prices in Atlanta increased 0.5% while they were largely unchanged nationwide. Thus, more rapid inflationary pressures in Georgia than nationwide continued. In the past year inflation was 4.4% in Atlanta as compared to 3.2% in the nation. Although grocery prices in the past year grew more slowly in Atlanta than nationwide (0.7% vs 1.0%), restaurant prices continued to provide much higher costs in the Atlanta area (growing 6.2% vs 3.7% nationwide). Housing costs also were much more robust in Atlanta, with renters' costs increasing 9.9% vs 5.9% nationwide. In the past two months rents were up 1.6% in Atlanta as compared to 0.6% nationwide. Also rising more rapidly in price were transportation, with Atlanta increases of 4.9% vs 1.6% nationwide; medical care, with Atlanta rising 8.6% vs 7.2% in the nation; and entertainment, which spurted 3.4% in the past two months to an increase of 10.1% for the year as compared to 4.1% in the nation. Partially offsetting these more rapid gains were 4.7% declines in clothing prices as compared to a 1.1% gain for the nation in the past year. As housing conditions are expected to remain tight in Georgia through 1986, housing prices should continue to grow more rapidly than the nation. Lower unemployment rates probably will also increase wage pressures in restaurants relative to the nation. As a result, the Atlanta CPI should grow about 4% in 1986, more than a percentage point higher than nationwide. Inflation locally still might exceed nation gains in 1987, when the Georgia CPI should increase about 4.5%.

Although Georgia's overall unemployment rate was a respectable 5.7% in March, while Atlanta dipped to a low 4.4%, the insured unemployment rate in Georgia and Atlanta increased slightly. Georgia's insured unemployment rate was 1.8% in the past month as compared to 2.8% nationwide. In Atlanta, the rate bounced back above 1% to 1.2%, suggesting moderate easing of a relatively tight workforce. Apparently, population migration into Georgia has moderated slightly. After booming by nearly

2.4% in 1985, population gains are expected to slow to only 1.8% in 1986 and a more modest 1.5% gain in 1987. This slowing should be sufficient to cause a drop in the unemployment rate to 6.0% in Georgia for 1986 before a slowing in employment opportunity creates a slight unemployment increase in 1987.

Atlanta continues to show the best unemployment rate in the state where its 4.4% is well below the 5.1% registered a year ago. In Athens the unemployment rate has fallen a percentage point to 5.4% over the previous year as employment has rebounded by more than 2,000 jobs. Augusta continues to show significant employment gains, with employment up more than 4,000 jobs from the previous year and unemployment down to 5.9% as compared to 6.7% a year ago. Macon has created even more jobs than Augusta in the past year, with job gains exceeding 5,000. This has caused the unemployment rate to dip from 7.1% a year ago to 6.0% currently. The addition of a new McDonnell-Douglas plant for airline cabinetry should further reduce unemployment in that metropolitan area. Unemployment in Savannah has fallen a percentage point to 6.3% with the aid of more than 3,000 additional jobs during the past year. Columbus and Albany continue to be the problem areas, where unemployment has not improved. However, both had increased employment, at least until the Firestone plant closed in the Albany area in April. Because of data revisions, it now appears that the unemployment rate in Albany will only marginally exceed 10%.

Georgia thrift institutions recorded one of their most favorable quarters in history, as regulatory net worth soared 14.4%. This compared to a 5.3% gain nationwide and a relatively meager 3.3% gain for the southeast. Georgia's deposits expanded 2.0% as compared to 1.3% in the southeast and only 0.3% nationwide. This increased economic vigor has also stimulated loan commitments, with Georgia thrifts increasing their commitments by 21.1% as compared to a 13.2% gain for the southeast and a still moderate 7.5% decline for the nation. Thus, the Georgia thrift industry experienced a substantial return to economic health.

Falling mortgage rates have dramatically increased housing prices in the Atlanta area, where the average price has increased by $27,900 in the past year to a level of $132,100. Housing prices nationwide also are up sharply, by $12,000 to an average of $104,400. Effective mortgage rates have declined 1.5 percentage points nationwide and a lesser 1.13% in Atlanta. However, the effective Atlanta rate, at 10.35% in March, is slightly lower than the 10.60% nationwide. Mortgage rates are expected to fall further and should stabilize with an effective rate slightly below 10% in Atlanta in 1986. Rates may rise marginally in 1987.

Revenue for the second quarter of the fiscal year in Georgia accelerated slightly to 8.7% from 8.4% in the previous quarter. The rate of increase in March was a comparable 8.8%. These gains compare with increases of 11.4%, 9.3%, and 13.8% in previous quarters. Revenues are now 9.5% ahead of previous year levels through the first nine months and should increase 9.3% for the current fiscal year. In the next two fiscal years, revenue gains are projected to be 8.5% and 9.0% respectively.

Tax receipts from personal income in Georgia increased a strong 17.0%, but this may be reflecting lower refunds than in the previous year. In previous quarters, the personal income gains were 10.4%, 13.5%, 7.9%, and 18.0% above previous year levels. All state and local governments showed 4.9% increases in their income tax collections. Previous gains were 7.6%, 7.6%, 6.8%, 6.5%, and 6.8%. Sales tax receipts in Georgia slowed again to only a 5.5% gain from previous year levels. This compares with gains of 7.5%, 9.4%, 4.8%, and 12.0% in previous quarters. All state and local governments showed an increase of 6.4% in sales tax receipts following increases of 6.6%, 9.0%,

8.1%, and 7.8% in previous quarters. Corporate profitability in Georgia slumped by 6.9% in the quarter. This compared with significant increases of 15.1%, 15.8%, 18.3%, and 28.4% in previous quarters. All state and local governments had similar patterns with a 2.3% decline in corporate profitability. This compared with increases of 12.7% and 2.2% in previous quarters. Before that, state and local tax accruals declined 12.9%, 9.1% and 2.8% in previous quarters. Tax collections in Georgia are stronger than nationwide, but the weakening in sales tax growth and the reduction in corporate profitability clearly suggest that tax receipts will grow more slowly in the next year.

SUMMARY OF OUTLOOK

Economic expansion in Georgia accelerated to more than 5% in the first quarter and productivity gains reappeared following a modest decline in the fourth quarter. However, slowing inflation rates led to continued slowing in sales tax collections while corporate tax accruals declined. The leading indicators suggest that activity may be slowing in the months ahead, although no recession is likely. For all of 1986, economic activity in Georgia is expected to expand 3.5%. Growth of slightly more than 3% is then expected in 1987.

The most favorable factors aiding Georgia at the present time are the effects of a falling dollar upon increased competitiveness of Georgia's manufacturing industries, continued expansion of financial services in the Georgia economy, and a return to more sustainable growth paths for employment in the trade sector. However, some further retrenching in retail employment below the long-term trend may be required to remove an employment excess of as much a five percentage points that developed in 1985. Also, construction must retrench as population gains are projected to slow and as building absorption rates are also expected to diminish. These absorption rate problems will be intensified by a dramatic slowing in the growth of business services, although reports that business services actually fell by 500 jobs in Atlanta during the past twelve months suggest that serious undercounting of service gains apparently is developing.

Employment weakness in 1986 is concentrated in nonelectrical machinery, the instruments component of other durables, agricultural chemicals, and the tire and rubber component of other nondurables. Significant employment slowing is occurring in wholesale trade and in business services.

In 1987, economic weakness should surface in virtually all modes of construction, in building materials, in the carpet industry, and in transportation equipment. Weakness should continue for nonelectrical machinery and chemicals. In addition, modest growth is expected in the service sector. As a result, the unemployment rate is expected to trend slightly upward in 1987 after averaging only 6% in Georgia during 1986.

Personal income will be slowing even faster than employment opportunities because reduced inflation will restrain wage gains. If the draught is soon broken, Georgia farm income could increase in 1986. However, a continuation of abnormally low moisture will require an enormous reduction in farm income in our next report. Barring that outcome, personal income will gain about 6% in 1986 and disposable income will grow slightly less than that. In 1987, disposable income is expected to increase about 6%. These gains correspond with 4% increases in real purchasing power in 1986, followed by a slackening to less than 3% gains in purchasing power during 1987.

In other words, the boom in Georgia's economy probably is over, as the boom in service employment certainly is subsiding. However, reasonable strength in manufacturing should be sufficient to prevent any serious slump in the Georgia economy during the next two years.

ATLANTA SERVICE ECONOMY SLOWS AND SO DOES THE BOOM

Recent Conditions & Outlook

According to the seasonally adjusted employment figures contained in Table 5, payroll employment in Atlanta increased a meager 1.7% at annual rates during the winter. Construction already began to retrench in Atlanta, as concerns of overbuilding became widespread. Although estimates of housing needs show that current building activity is consistent with prevailing housing absorption rates, reduced employment opportunities will be lessening population flows, and, therefore, the rate of absorption by the end of this year. Thus, a continuation of housing construction at current rates will prove to be excessive by early 1987.

As in the remainder of the state, manufacturing continued its rebound from the 1985 slump. Gains have been especially vigorous for the stone, clay group, primary metals, fabricated metals, electrical machinery, and transportation equipment. Non-electrical machinery has slipped in recent months, although levels are above those of a year ago. The absence of a significant carpet industry in the Atlanta area is evident in the continuing decay of textile employment. However, apparel employment has strengthened in the past six months. The printing industry is continuing its rapid rate of expansion while chemicals are increasing in metro Atlanta even as they are slowing statewide. Further moderate increases in manufacturing opportunities are expected during the next two years although one auto assembly plant is no longer operating at peak utilization levels.

As in the remainder of the state, growth in trade employment has slowed significantly in the past six months. Excessive retail employment has more effectively been removed from the Atlanta employment rolls than from conditions in the remainder of the state. A strong stock market is readily evident in the significant gains in finance employment while real estate is beginning to increase employment opportunities. According to the seasonally adjusted data, service employment has declined in the past few months, but this assumes that lodging employment is up only 100 from a year ago despite several major hotel openings and that business services are down by 500 jobs. These employment figures are difficult to rectify with other conditions. Nevertheless, the employment boom in the service sector almost certainly is over. In the government sector, increases have been substantial for federal payrolls, where two-thirds of the gains recorded statewide have occurred in the Atlanta metro area. Further substantial gains in federal employment should not be anticipated from these levels. In addition, rapid population gains in some suburban counties have required a significant expansion in local government payrolls. This is especially true in education, where further gains are expected.

Although the Coldwell-Banker surveys show that Atlanta's vacancy rate for office space falls short of national estimates of 22.5% in the suburbs and 16.5% in the downtown areas, the 19.9% vacancy rate in the suburbs is 5.3 percentage points above previous year levels. Even with no change in absorption rates, almost four million additional square feet will be added to inventory in 1986. With the slowing in business service growth, absorption rates probably will not achieve 1985 levels in 1986. Therefore, an acceleration of available vacant space is expected as the year progresses. This almost certainly will further slow construction activity in 1987.

Industrial space is not as overbuilt, with the 4.5% vacancy rate in Atlanta falling short of the 5.3% vacant nationwide. However, activity has exceeded absorption rates in the past twelve months.

In 1985, disposable income increased 10% in the Atlanta metropolitan area. Taxable sales expanded 9.3% and service expenditures probably increased slightly less than 10%. As a result, savings increased by at least a percentage point in the past year. As in the state, taxable sales continued to show smaller increases from previous year levels as the year progressed. In the fourth quarter, only 8.5% gains from previous year levels were recorded. This still was nearly three percentage points more than throughout the state. Obviously, the 9% increase in retail employment was excessive for gains in taxable sales, probably by as much as three percentage points. In 1986, a 6% gain in disposable income along with less than a 4% increase in consumer prices would support employment gains of 3-4%. Thus, projections of slightly more thna 4% employment gains for retail employment still may prove to be excessive. However, the dramatic slowing in wholesale trade activity may be sufficient to offset any retailing imbalances that otherwise might develop.

While taxable sales continued an 8.5% growth path in the fourth quarter, only DeKalb was able to increase that amount from previous year levels and also show improvement from third quarter sales tax growth rates. All the other strong taxable sales growth counties showed slowing in their rates of growth from previous quarters. They include Cherokee (9.9% vs 21.2%), Clayton (13.1% vs 15.7%), Fayette (15.5% vs 25.0%), Forsyth (15.6% vs 23.3%), Gwinnett (22.1% vs 23.7%), and Rockdale (11.3% vs 16.5%). Taxable sales in Fulton rose to a 6.0% gain from 4.5% in the previous quarter while sales in Cobb slowed to a 7.6% gain from 10.9% in the previous quarter. A sales rebound in Fulton supports claims that some of the increased retail activity is coming from convention business, which permits more rapid expansion in retail employment than in real purchasing power in the Atlanta metropolitan area. Nevertheless, metropolitan Atlanta probably is slightly overstored at the present time.

The strong surge in housing prices in Atlanta are only partially related to declining mortgage rates. According to population estimates, potential absorption in 1985 exceeded housing permits by almost 6,000 units. While single-family activity accelerated early in 1986, a shortfall in rental units suggest that the tightness in the housing market will not be significantly relieved in 1986. However, declining gains in employment opportunities suggest that a slowing in housing activity will be warranted late this year and in 1987. In fact, multi-family activity early in 1986 exceeds 1985 levels, but the weather has been especially favorable for construction. While Fulton may permit more multiple units than 0in the previous year, Gwinnett almost certainly will permit less. Clayton already is running at a multi-family construction pace that will lead to record activity in that county. Projections of subdued growth in 1987 indicate that Clayton will be overdoing multi-family activity. Gwinnett already has overdone its multi-family units and is continuing to the explosive growth rates recorded in 1984. During the first quarter of this year, multi-units were 42% below previous year levels.

Gwinnett also is showing a slight lessening in single-family activity, with a 13% decline in permits during the first quarter. Some of this restrained activity is the result of sewage limitations. However, single-family growth is strong in Fulton and DeKalb and also continues to grow sharply in Clayton, Rockdale, and Cherokee. Henry and Paulding also are showing significant rates of gain. Fayette, with its water problems, may not be able to expand as rapidly as in the previous year.

In assessing housing conditions in Atlanta, it should be noted that estimated potential absorption clearly indicates that Atlanta is not now overbuilt. However,

rising housing prices, low mortgage rates, and recent spurts in population set up conditions for overbuilding, especially if builders do not recognize that employment opportunities are not growing as rapidly as in the past two years.

In summary, the Atlanta metropolitan area is beginning to show cost-pressures associated with unsustainably rapid rates of expansion. These increased cost pressures will diminish the attractiveness of Atlanta for prospective employers and slow population and employment growth rates. At the same time, construction activity has swelled to levels that can only be sustained if growth rates are not diminished. Some overemployment also has developed in the trade sector, although a significant slowing in employment gains for wholesale trade appear to be re-establishing appropriate levels of activity. The reported slump in the service economy in recent months is open to significant question, as state estimates of employment gains in the lodging industry are at odds with the completion and opening of several major lodging facilities in the Atlanta area. There also is considerable doubt about the actual decline in business service employment in Atlanta during the past year. Nevertheless, these numbers are consistent with a significant slowing in the growth of the Atlanta service economy.

Thus, employment gains should slow significantly in the next two years. While the unemployment rate may average 4.7% in 1986, employment gains will be only 39,000. In 1987, unemployment should rise as employment gains slow to only 30,200. These gains are far above recessionary levels, but they are decidedly below the gains that were registered in the past two years.

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May 1986

Table 1

Georgia Wage & Salary Employment for 1984 and 1985 with Forecasts for 1986 Through 1987
(Thousands)

Industry	1984	1985(r)	1986	1987	83-84	84-85	85-86	86-87
1. Mining	7.8	8.0	8.0	7.9	6.8	2.5	0.0	-1.3
2. Construction	131.5	145.6	153.2	144.6	20.9	10.7	5.2	-5.6
3. Manufacturing	546.5	554.3	562.3	563.2	6.9	1.4	1.4	0.2
Durables	207.6	217.6	222.0	221.0	12.0	4.8	2.0	-0.5
Lumber	34.0	35.3	35.5	35.3	9.7	3.8	0.6	-0.6
Furniture	11.0	11.9	12.1	12.1	11.1	8.2	1.7	0.0
Stone, Clay, Glass	18.8	19.7	20.4	20.2	6.2	4.8	3.6	-1.0
Primary Metals	16.2	16.5	17.0	17.1	8.0	1.9	3.0	0.6
Fabricated Metals	20.3	20.6	21.1	21.2	8.0	1.5	2.4	0.5
Nonelectrical Machinery	24.2	25.6	25.5	25.2	15.2	5.8	-0.4	-1.2
Electrical Machinery	26.5	27.0	28.0	28.3	7.3	1.9	3.7	1.1
Transportation Equipment	44.1	48.8	50.6	49.9	23.5	10.7	3.7	-1.4
Other Durables	12.4	12.2	11.8	11.7	6.0	-1.6	-3.3	-0.8
Nondurables	338.9	336.6	340.3	342.2	4.1	0.8	1.1	0.6
Food	57.2	58.7	59.5	61.2	0.4	2.6	1.4	2.9
Textiles	104.9	100.9	102.0	100.7	1.8	-3.8	1.1	-1.3
Apparel	75.1	71.0	72.8	73.3	7.3	-5.5	2.5	0.7
Paper	29.9	30.3	30.9	31.2	4.9	1.3	2.0	1.0
Printing	30.8	33.9	34.9	35.6	12.0	10.1	2.9	2.0
Chemicals	18.9	19.3	19.1	19.0	5.6	2.1	-1.0	-0.5
Leather	1.7	1.6	1.6	1.5	-10.5	-5.8	0.0	-6.3
Other Nondurables	20.4	20.9	19.5	19.7	4.1	2.5	-6.7	1.0
4. Transportation, Comm. & Utilities	156.5	162.4	165.7	168.8	6.0	3.8	2.0	1.9
5. Trade	602.4	648.0	674.2	697.9	10.1	7.6	4.0	3.5
Wholesale	187.6	198.0	200.6	203.7	10.7	5.5	1.3	1.5
Retail	414.9	450.0	473.6	494.2	9.7	8.6	5.2	4.3
6. Finance, Ins. & Real Estate	128.3	137.1	144.3	150.9	5.3	6.9	5.3	4.6
7. Services	433.7	463.1	476.9	488.4	9.1	6.8	3.0	2.4
8. Government	442.0	447.3	453.9	457.7	1.0	1.2	1.5	0.8
Federal	89.5	94.1	98.5	99.7	4.3	5.1	4.7	1.2
State	103.8	104.4	105.1	105.8	N/A	0.6	0.7	0.7
Local	248.7	248.8	250.3	252.2	N/A	0.4	0.6	0.8
Total Wage & Salary Employment	2448.7	2565.8	2638.5	2679.4	7.4	4.8	2.8	1.6
Unemployment Rate	6.0	6.5	6.0	6.2	-20.0	8.3	-7.7	3.3

r = revised

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Table 2

Georgia Personal Income for 1984 and 1985 with Forecasts for 1986 and 1987
(Millions of Dollars)

	1984(r)	1985(r)	1986	1987	83-84	84-85	85-86	86-87
Labor & Proprietors' Income:								
1. Wage & Salary Income	43593	47940	51105	54273	13.2	10.0	6.6	6.2
2. Other Labor Income	4554	5097	5493	5875	16.4	11.9	7.8	7.0
3. Proprietors' Income	3847	3670	4165	4432	26.6	-4.6	13.5	6.4
Farm	905	446	594	750	79.9	-50.7	33.2	26.3
Nonfarm	2942	3224	3571	3682	17.3	9.6	10.8	3.1
Labor & Proprietors' Income:								
1. Farm	1126	675	826	993	55.3	-40.1	22.4	20.2
2. Mining	201	215	220	224	16.2	6.9	2.3	1.8
3. Contract Construction	3047	3442	3733	3690	25.9	13.0	8.5	-1.2
4. Manufacturing	11494	12267	12861	13418	13.5	6.7	4.8	4.3
Durables	5002	5484	5734	5965	18.4	9.6	4.6	4.0
Nondurables	6492	6782	7127	7453	9.9	4.5	5.1	4.6
5. Transportation & Utilities	5072	5556	5893	6273	9.4	9.5	6.1	6.5
6. Trade	10060	11295	12006	12887	16.6	12.3	6.3	7.3
Wholesale	4916	5581	5893	6253	18.0	13.5	5.6	6.1
Retail	5144	5714	6113	6634	15.3	11.1	7.0	8.5
7. Finance, Ins. & Real Estate	3101	3479	3883	4284	18.3	12.2	11.6	10.3
8. Services	8561	9749	10621	11475	15.7	13.9	8.9	8.0
9. Other Industries	188	232	260	288	15.3	23.4	12.1	10.8
10. Government	9146	9796	10460	11048	7.5	7.1	6.8	5.6
Federal Civilian	2280	2475	2636	2775	8.9	8.6	6.5	5.3
Federal Military	1411	1497	1635	1758	7.5	6.1	9.2	7.5
State & Local	5455	5825	6189	6515	7.0	6.8	6.2	5.3
Plus:								
Property Income	10377	10856	10953	11895	15.2	4.6	0.9	8.6
State U.I. Benefits	196	218	184	198	-31.7	11.2	-15.6	7.6
Other Transfers	8150	8681	9116	9493	4.5	6.5	5.0	4.1
Residence Adjustment	-166	-205	-221	-231	69.4	23.5	7.8	4.5
Less: Social Ins. Contributions	3148	3668	3932	4207	14.1	16.5	7.2	7.0
Equals: Total Personal Income	67403	72589	76863	81728	12.9	7.7	5.9	6.3
Nonfarm Personal Income	66278	71913	76037	80735	12.4	8.5	5.7	6.2
% of U.S. Nonfarm	2.23	2.27	2.28	2.29	---	---	---	---
Population	5837	5976	6085	6179	1.83	2.38	1.82	1.54

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Table 3 Atlanta MSA Wage and Salary Employment for 1984 and 1985 with forecasts through 1987
(Thousands)

	1984	1985	1986	1987	84-85	85-86	86-87
Industry							
1. Mining	1.1	1.2	1.2	1.2	9.0	0.0	0.0
2. Contract Construction	63.6	73.4	74.8	71.7	15.4	1.9	-4.1
3. Manufacturing	175.3	183.0	186.7	187.8	4.4	2.0	0.6
Durables	89.1	95.4	98.6	98.0	7.1	3.4	-0.6
Lumber	3.8	4.3	4.2	4.1	13.2	-2.3	-2.4
Furniture	4.6	4.9	4.8	4.7	6.5	-2.0	-2.1
Stone, Clay, Glass	8.7	9.3	9.9	10.0	6.9	6.5	1.0
Primary Metals	6.4	7.0	7.9	8.1	9.4	12.9	2.5
Fabricated Metals	8.8	9.2	9.6	9.7	4.5	4.3	1.0
Nonelectrical Machinery	9.6	10.2	10.0	9.9	6.3	-2.0	-1.0
Electrical Machinery	13.2	13.7	14.4	14.8	3.8	5.1	2.8
Transportation Equipment	28.6	31.3	32.5	31.3	9.4	3.8	-3.7
Other Durables	5.3	5.6	5.3	5.4	5.7	-5.4	1.9
Nondurables	86.2	87.5	88.1	89.8	1.5	0.7	1.9
Food	19.9	20.2	20.1	20.5	1.5	-0.5	2.0
Textiles	8.4	7.7	7.3	7.2	-8.3	-5.2	-1.4
Apparel	13.2	12.6	12.6	12.8	-4.5	0.0	1.6
Paper	8.4	8.5	8.6	8.7	1.2	1.2	1.2
Printing	19.8	21.3	22.2	22.9	7.5	4.2	3.2
Chemicals	9.3	9.8	10.2	10.5	5.4	4.1	2.9
Other Nondurables	7.3	7.4	7.1	7.2	1.4	-4.1	1.4
4. Transportation, Comm. & Utilities	100.4	104.6	106.9	109.1	4.2	2.2	2.1
5. Trade	337.6	364.4	376.6	389.7	7.9	3.3	3.5
Wholesale	124.0	131.5	133.0	134.9	6.0	1.1	1.4
Retail	213.6	232.9	243.6	254.8	9.0	4.6	4.6
6. Finance, Ins. and Real Estate	82.4	89.4	93.6	97.5	8.5	4.7	4.2
7. Services	258.7	278.5	287.9	297.3	7.7	3.4	3.3
8. Government	174.3	177.0	182.8	186.4	1.5	3.3	2.0
Federal	36.1	38.3	40.5	41.7	6.1	5.7	3.0
State	35.2	35.3	35.8	36.3	0.3	1.4	1.4
Local	103.0	103.5	106.5	108.4	0.5	2.9	1.8
Total Wage & Salary Employment	1193.5	1271.5	1310.5	1340.7	6.5	3.1	2.3
Unemployment Rate	4.8	5.0	4.7	5.5	4.2	-6.0	17.0

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Table 4 Atlanta MSA Personal Income for 1984 and 1985 with Forecasts through 1987
(Millions of Dollars)

	1984	1985	1986	1987	83-84	84-85	85-86	86-87
Labor & Proprietors' Income:								
1. Wage & Salary Income	23538	26328	28125	30087	14.3	11.9	6.8	7.0
2. Other Labor Income	2449	2762	2989	3204	17.3	12.8	8.2	7.2
3. Proprietors' Income	1570	1713	1919	2001	21.0	9.1	12.0	4.3
Farm	98	67	84	89	48.5	-31.6	25.4	6.0
Nonfarm	1472	1646	1835	1912	19.6	11.8	11.5	4.2
Labor & Proprietors' Income:								
1. Farm	113	83	101	107	41.3	-26.5	21.7	5.9
2. Contract Construction	1560	1836	1932	1937	27.7	17.7	5.2	0.3
3. Manufacturing	4390	4787	5050	5288	15.6	9.0	5.5	4.7
Durables	2515	2814	2983	3099	20.1	11.9	6.0	3.9
Nondurables	1875	1973	2067	2189	10.1	5.2	4.8	5.9
4. Transportation & Utilities	3564	3917	4164	4443	10.4	9.9	6.3	6.7
5. Trade	6607	7462	7896	8463	16.2	12.9	5.8	7.2
Wholesale	3775	4304	4536	4808	17.3	14.0	5.4	6.0
Retail	2832	3158	3360	3655	14.8	11.5	6.4	8.8
6. Finance, Ins. & Real Estate	2172	2472	2744	3015	15.9	13.8	11.0	9.9
7. Services	5484	6296	6881	7494	16.9	14.8	9.3	8.9
8. Other Industries	135	158	175	191	13.5	17.4	10.6	9.1
9. Government	3532	3792	4090	4354	7.7	7.4	7.9	6.5
Federal Civilian	992	1087	1169	1252	7.1	9.6	7.5	7.1
Federal Military	192	200	213	226	5.7	4.2	6.3	6.2
State & Local	2348	2505	2708	2876	8.1	6.7	8.1	6.2
Plus:								
Property Income	4799	5039	5104	5584	15.9	5.0	1.3	9.4
Transfer Payments	2972	3168	3320	3463	3.8	6.6	4.8	4.3
Residence Adjustment	-768	-785	-812	-815	9.6	2.2	3.4	0.4
Less: Social Ins. Contributions	1710	2027	2177	2346	15.3	18.5	7.4	7.8
Equals: Total Personal Income	32850	36198	38468	41178	14.1	10.2	6.3	7.0
Nonfarm Personal Income	32737	36115	38367	41071	14.0	10.3	6.2	7.0
% of Georgia Nonfarm	49.39	50.22	50.46	50.87	----	----	---	---
Population (#,Thousands)	2403	2502	2590	2669	4.03	4.12	3.52	3.05

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Table 5

Seasonally Adjusted Nonagricultural Employment
(Thousands)

	Georgia						Atlanta					
	85-1	85-2	85-3	85-4(r)	86-1(p)	Mar(p)	85-1	85-2	85-3	85-4(r)	86-1(p)	Mar(p)
Total	2527.9	2556.6	2573.7	2599.3	2632.4	2620.2	1246.2	1263.4	1280.9	1296.0	1301.4	1297.2
Mining	7.9	8.0	8.0	8.1	8.1	7.9	1.2	1.2	1.3	1.2	1.2	1.2
Contract Construction	140.2	143.4	146.9	151.6	159.1	152.5	70.7	71.9	73.3	77.7	75.3	74.0
Manufacturing	554.4	551.5	551.8	559.2	564.4	563.9	182.0	181.1	183.8	185.6	187.3	186.4
Durables	216.9	217.2	216.5	219.5	222.9	222.3	94.6	94.3	95.6	97.7	99.4	98.5
Lumber	35.4	35.5	35.1	35.2	35.5	35.5	4.3	4.3	4.4	4.3	4.2	4.2
Furniture	11.5	12.2	12.1	11.8	12.1	12.1	4.7	4.9	5.1	4.9	4.9	4.7
Stone, Clay, Glass	19.4	19.6	19.6	20.1	20.5	20.4	9.0	9.1	9.4	9.7	9.9	9.9
Primary Metals	16.3	16.5	16.5	16.5	17.0	16.9	6.5	6.8	7.1	7.5	7.7	7.9
Fabricated Metals	20.4	20.6	20.7	20.8	21.1	21.1	9.0	9.2	9.4	9.3	9.8	9.3
Nonelectrical Machinery	25.5	25.5	25.4	26.1	25.7	25.5	10.0	9.9	10.2	10.6	10.2	10.0
Electrical Machinery	27.2	26.7	26.9	27.1	28.0	28.0	13.7	13.6	13.8	13.9	14.5	14.3
Transportation Equipment	48.7	48.1	47.9	50.4	51.2	51.0	31.8	30.7	30.3	32.4	33.1	32.9
Other Durables	12.5	12.5	12.3	11.5	11.8	11.8	5.6	5.8	5.9	5.1	5.1	5.3
Nondurables	337.5	334.3	335.3	339.7	341.5	341.6	87.4	86.8	88.2	87.9	87.9	87.9
Food	58.6	58.8	58.6	59.2	59.7	59.3	20.4	20.2	20.0	20.3	20.1	20.1
Textiles	102.0	100.3	99.7	101.5	101.9	102.1	7.7	7.7	8.0	7.5	7.4	7.3
Apparel	71.4	70.1	70.5	72.2	72.6	73.0	12.8	12.3	12.7	12.8	12.8	12.6
Paper	30.3	29.8	30.4	30.4	30.9	30.9	8.4	8.3	8.7	8.5	8.4	8.5
Printing	33.4	33.5	34.1	34.6	34.8	34.9	21.1	21.1	21.4	21.7	22.0	22.2
Chemicals	19.2	19.3	19.3	19.4	19.2	19.1	9.5	9.7	9.8	10.1	10.1	10.1
Leather	1.8	1.6	1.6	1.5	1.7	1.7	----	----	----	----	----	----
Other Nondurables	20.8	20.9	21.1	20.9	20.7	20.6	7.5	7.5	7.6	7.0	7.1	7.1
Transportation, Comm. & Util.	161.2	162.0	163.1	163.3	165.3	165.2	103.5	104.5	105.1	105.4	106.4	106.4
Trade	634.7	646.1	652.7	658.1	668.0	666.4	356.2	362.1	367.6	371.7	372.1	371.6
Wholesale	195.4	198.2	198.6	199.8	200.6	200.0	128.3	131.3	132.2	134.5	133.0	132.9
Retail	439.3	447.9	454.1	458.3	467.4	466.4	227.9	230.8	235.4	237.2	239.1	238.7
Finance, Ins. & Real Estate	133.8	136.2	138.3	139.8	142.0	142.0	87.1	88.5	90.7	91.2	92.5	92.6
Services	452.8	461.9	466.2	470.9	471.7	469.3	271.4	276.6	280.2	285.7	284.8	282.2
Government	442.9	447.5	446.7	448.3	453.8	453.0	174.1	177.5	178.9	177.5	181.8	182.8
Federal	92.0	94.2	94.5	95.7	98.3	98.5	37.7	38.5	38.2	38.5	40.3	40.5
State & Local	350.9	353.3	352.2	352.6	355.5	354.5	136.4	139.0	140.7	139.0	141.5	142.3

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Table 6 Metro Atlanta Housing Permits for 1982 through 1984 with Forecasts through 1987

	1982		1983		1984		1985		1986		1987	
County	single	multi	single	multi	single	multi	single	multi	single	multi	single	multi
Butts	----	----	----	----	----	---	66	4	60	0	60	0
Cherokee	885	0	1172	14	1466	28	1632	155	2120	170	2200	100
Clayton	642	28	1269	6	1143	576	1408	1424	1530	1800	1150	1000
Cobb	3337	824	5986	4243	6365	3095	6140	2576	6310	2100	5970	1430
DeKalb	2023	1107	3119	4371	3227	2965	3591	3397	3850	2830	3160	2120
Douglas	307	4	658	6	533	8	705	186	810	160	740	130
Fayette	----	----	----	----	----	----	692	0	675	0	640	0
Forsyth	277	30	463	14	609	57	720	74	770	50	750	60
Fulton	2175	2601	2634	2252	2979	3680	3198	3992	3220	3520	2940	2760
Gwinnett	3686	1523	5980	3226	5977	6155	7117	3911	6620	3000	6430	2650
Henry	334	10	602	18	656	56	902	123	1180	150	1240	200
Newton	----	----	----	----	----	----	311	14	340	100	360	120
Paulding	----	----	----	----	----	----	718	0	1100	0	970	0
Rockdale	261	138	437	144	623	83	692	120	820	130	800	150
Walton	----	----	----	----	----	----	286	0	360	0	400	0
Total	13936	6265	22320	14394	23653	16703	28178	15976	29705	14010	27810	10720
% Change From Previous Year	+37.7	+10.9	+60.2	+129.8	+6.0	+16.0	+10.6	-4.5	+5.4	-12.3	-6.4	-23.5
% Change in Total (single + multi)	+28.0		+81.7		+9.9		+3.9		-1.0		-11.9	
Estimated Potential Absorption (000)	23.4		33.0		38.9		50.0		44.4		39.9	

NOTE: The 1983 % change figures do not include Marietta. Totals for 1982 do not contain Marietta. Marietta figures are included in 1983 totals and beyond. Condominiums are included in the multi-family totals. Fee simple town homes are included in the single-family category. Counties added in 1985 are in totals for that year but are not included in changes until 1986.

Source: Homebuilders Association of Metro Atlanta

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Georgia & Atlanta

1986–1987

Five-Year Atlanta Forecast

Economic Forecasting Center

Georgia State University, College of Business Administration, August 1986

GEORGIA ECONOMY CATCHES NATIONAL SLUGGISHNESS

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Summary

Georgia's retail and service economies have slowed their growth rates sharply while import relief has not yet been sufficient to increase manufacturing. Construction is expected to slow sharply during the next two years, causing the carpet industry to also experience a modest production slump. Building materials should decline with an expected recession in construction activity nationwide. Despite continuing signs of relatively robust economic expansion in Atlanta, the Georgia economy has underperformed the nation during the past two quarters. In the first quarter, personal income in Georgia expanded 1.4% as compared to a 1.5% gain nationwide. Preliminary estimates of second quarter gross state product shows an inflation-adjusted expansion of only 0.3% in Georgia as compared to a 1.1% gain nationwide. Indeed, the Georgia coincident indicators have registered modest declines for the past three months.

The Georgia economy was already slowing when the drought sharply undermined Georgia agriculture, food processing, and some servicing ventures. Although the economic impact of the drought could eventually approach $1 billion for Georgia, only about $300 million of reduced personal income has been assigned to that event at the present time. Part of the discrepancy between our estimates and others is anticipation of increased farm subsidies to partially offset reduced farm income. In addition, reduced poultry production has sharply enhanced poultry prices, causing especially profitable conditions in that industry. However, no forest effects have yet been factored into our analysis on the drought, despite clear evidence that natural forest replenishment has not occurred this year. Also, the wilted underbrush increases fire danger and could expose trees to disease during the winter months.

Despite early sluggishness in Georgia and the drought problem, Georgia's economy is expected to create an additional 62,000 jobs in 1986, a further 45,000 jobs in 1987 and nearly 53,000 more jobs in 1988. Georgia's gross state product is expected to increase only 3% in 1986 and less than 2.5% in 1987. A rebound to a 3.5% gain in 1988 is anticipated. Despite this relatively sluggish outlook, gross state product in Georgia exceeded $100 billion during the second quarter of 1986.

Recent Conditions

The drought is receiving most of the headlines, and it is significantly impacting Georgia's economy. Losses in the grains alone exceed $200 million and are still rising. Added feed costs as a result of burned pasture may add an additional $70 to $100 million to Georgia farmer losses. A controversy surrounds the cost incurred by dairy farmers and livestock raisers. While many are liquidating their herds because of higher feed costs, hogs are being sold into one of the most profitable markets nationwide that has existed in the past

five years. While some dairy farmers unquestionably are suffering economic hardship as they liquidate their herds, beef prices also are improved. Furthermore, a government program provides some benefits for dairy herd liquidation. Thus, the net agricultural loss from drought does not yet approach the $500 million that has been estimated. On the other hand, the impact upon the forestry industry, while not noticeable at this point, could become significant if the drought persists.

Although few production activities have been curtailed as a result of the drought, production at quarries and the paper industry are at risk. Poor fishing and troubled boating conditions are also reducing what otherwise would have been a banner tourist year at Georgia's parks and lakes. The drought has undermined employment in landscaping services and has hurt Georgia nurseries.

On the other hand, many construction projects have been able to work through as many as 20 scheduled rain days, causing reduced construction costs.

In summary, the Georgia economy appears to have slowed approximately $0.5 billion from where it otherwise would be as a result of the drought and could slow by an additional equivalent amount if the drought persists through the end of the year. No drought impact was assumed in 1987.

Although nonfarm personal income in Georgia grew 6.7% as compared to a 5.0% gain nationwide over the past year, it grew at a slightly slower rate than the national average during the first quarter. The drought had not yet become a problem, so farm income decreased more slowly in Georgia than nationwide. Areas of slower growth in Georgia personal income included construction, both durable and nondurable manufacturing, and services. On the other hand, finance grew even more vigorously in Georgia than in the nation while transportation services also expanded much more dramatically in Georgia. Government payrolls rebounded strongly in Georgia, with strong education support causing a 10.4% increase in state and local payrolls as opposed to only a 7.4% gain nationwide.

According to Georgia's coincident indicators, personal income in the state probably will trail national performance when the spring data is released. Led by three consecutive monthly declines in hours worked, the coincident indicators fell for three consecutive months and were consistent with only a 0.3% gain in gross state product. This compares to a preliminary estimate of a 1.1% increase in national GNP. Weakness was also significant in the corporate sector, where tax accruals slumped significantly. Farm receipts also fell, although strong poultry prices limited the degree of damage reported for Georgia agriculture through June. Rising insured unemployment rates reflected weakness in Georgia manufacturing.

Some weakness was caused by significant strike activity. Large AT&T facilities in the Atlanta area caused payroll weakness in primary metals and communications during June. A strike at an Atlanta based auto assembly plant in late July will also be impacting earnings and production data in the summer months.

Aside from strike impacted activity, Georgia's leading indicators suggest that a quickening of activity should be anticipated in the months ahead. Consumer spending was vigorous during the spring as reflected in sales tax receipts. Residential permits also rose modestly, although nonresidential permits are beginning to weaken. While the total level unemployed has risen

slightly, with the state recording a 6.1% unemployment rate in June, initial unemployment claims have slowed modestly. In June, the leading indicators expanded almost 0.4%. A return to more than 3% growth in the Georgia economy is anticipated during the summer months according to the leading indicators.

The ratio of the leading indicators to the coincident indicators also suggest more economic strength ahead. While the coincident indicators are only up 2.6% from the previous year, the leading index shows a 3.7% gain from a year ago. This suggests that orders are expanding even as current economic activity remains subdued.

Weakness in the coincident indicators clearly is confirmed by estimates of nonagricultural employment in Georgia during the second quarter. Although nonagricultural payroll employment nationwide expanded at an annual rate of 1.8% during the spring, payrolls in Georgia fell 1.4%. Fortunately, preliminary seasonally adjusted estimates for June show an increase in Georgia payrolls despite the loss of nearly 2,000 jobs because of strike activity.

Employment weakness in the second quarter was heavily concentrated in manufacturing. In addition to strike-impacted employment in primary metals, payrolls fell significantly for nonelectrical machinery, transportation equipment, food processing, and textiles. Also, apparel slumped sharply in June after improving earlier in the quarter.

Partially offsetting weakness in manufacturing was continued growth in construction, modest growth in retail employment, and moderate gains in service payrolls. Activity in wholesale establishments and the finance sector paused following vigorous gains late in 1985.

Taxable sales in the south Atlantic region showed the largest gains of any region in the country during May, the last date available nationwide. Unfortunately, taxable sales in Georgia suggest that the state did not share the consumer response felt elsewhere in the region. Taxable sales during the first quarter were up only 5.9% from the previous year, only a modest improvement from the 5.8% gain during the fourth quarter and a slowing from the 6.9% gain recorded the previous year. Price changes for taxable goods increased less than 2% as gasoline prices came tumbling down. Thus, the volume of sales remains 4% higher than previous year levels. This explains why employment gains at retail establishments have slowed to only a projected 4.5% increase for 1986. Indeed, when estimated service expenditures are combined with gains for taxable sales, the 6.5% estimated gain in state consumer spending is consistent with the 6.4% projected increase in Georgia nonfarm personal income. Following two years of especially vigorous retail expansions in Georgia, retail employment now is growing at a rate that is consistent with the volume of retail activity. Moderate slowing in the growth of retail employment is anticipated in the next two years as gradual increases in inflationary pressures reduce Georgia's growth in real purchasing power.

In the past two months, consumer prices in Atlanta increased 1.1% while they expanded 0.7% nationwide. As a result, inflation is 3.2% over the past year in Atlanta compared to only a 1.7% gain in the nation. For all of 1986, the Atlanta CPI is expected to expand 4.2%, more than a percentage point higher than nationwide. More than national rates of inflation are anticipated in Atlanta in 1987, when the Atlanta CPI should increase 4.5%, as compared to a 3.8% national gain. By 1988, the Consumer Price Index in Atlanta and nationwide are expected to grow an equivalent 4.4%.

Part of the more rapid rate of inflation in Georgia is the result of agricultural problems. Grocery store prices are up 3.3% versus 1.9% nationwide. However, restaurant prices are up 7.3% in Atlanta as compared to only a 3.8% national rate of increase. Prices for food and beverages in Atlanta increased two percentage points more than nationwide in the past year. Greater inflationary pressures locally are also in housing, where rental costs increased 8.9% in comparison to only a 5.6% gain in the nation. This suggests that housing is not overbuilt in the Atlanta area. Also adding to local inflation is a 9.0% increase in medical care costs as compared to only a 7.5% gain nationwide. Entertainment goods and services increased more than two percentage points faster in Atlanta than nationwide. Only clothing showed a smaller rate of price increase in Atlanta than in the nation over the past year.

Unemployment in Georgia fell 0.8 percentage points to 6.1% in June from a year ago. This compares to only a 0.2 percentage point improvement nationwide to 7.3% unemployed. Unemployment in Atlanta is only 4.8%, down from 5.5% a year ago. Athens has a 4.9% unemployment in June, down from 5.5% in the previous year. Unemployment also dropped sharply in Macon from 7.7% to 6.3% over the past year. Augusta registered a smaller decline in unemployment from 6.6% to 6.3% over the previous year. Unemployment in Savannah declined from 7.7% to 6.8% while Columbus was able to lower its unemployment rate by half a percentage point to 7.9% in June. Unfortunately, Albany suffered the closing of a major tire plant and is a major provider of agricultural services to the drought stricken Georgia agricultural economy. Its unemployment rate rose from 9.0% a year ago to 12.3% this June. For all of Georgia, unemployment is expected to average only 6.0% in 1986, down from 6.5% a year ago. Household estimates of employment show twice as many additional jobs being created in Georgia as estimates contained in the establishment data. Problems with estimates of employment in service and finance suggest that significant upward revisions will occur in Georgia's employment estimates when the 1986 benchmark estimates are available early in 1987. Nevertheless, slower employment gains in 1987 should lead to moderate increases in the unemployment rate followed by modest slowing in population gains. After expanding 2.3% in 1985, Georgia's population growth is expected to slow to slightly more than two percent in 1986 and 1987, followed by an increase of only 1.89% in 1988. Nevertheless, the state is expected to have nearly 6.35 million people in that year.

In June, Georgia's insured unemployment rate fell slightly to 1.7% from 1.8% three months earlier. The insured unemployment rate also improved marginally in Atlanta from 1.2% to 1.1%. This compares with an unchanged 2.8% insured unemployment rate nationwide.

Georgia thrift institutions continue to regain economic health, with a 12.0% improvement over the past quarter in their regulatory net worth. This compares to a 3.0% gain nationwide and a still modest 4.6% gain for the southeast. Georgia deposits increased 2.5% as compared to a gain of 0.9% for the southeast and only 0.6% nationwide. Despite these stronger financial conditions, Georgia thrifts reduced commitments by 2.9% in the past quarter even as commitments were growing 10.5% nationwide and 22.9% in the southeast. Part of this reduced commitment activity may reflect the inability to process commitments in the allotted time.

In the past year, effective mortgage rates have decreased 0.97 percentage points to 10.02% in Atlanta. Nationwide, the effective mortgage rate fell by 1.57 percentage points. As a result, the purchase price of an average home

nationwide increased $14,200 while home prices only rose $4700 in Atlanta. In June, home prices in Atlanta slid slightly below housing prices in the nation. Mortgage rates should decline during the summer months once the backlog of refinancing has been exhausted. Rates should fall slightly below 10% in Atlanta during the remainder of 1986 and remain near 10% through 1987. A modest increase in mortgage rates is anticipated in 1988.

State revenues slowed to only a 6.4% gain in the last quarter of the fiscal year. As a result, revenues for the year only reached 8.7%, slightly less than our projections. Prior to this sluggish second quarter performance, revenues had increased 8.7%, 8.4%, 11.4%, and 9.3% in previous quarters. However, a slight rebound to an 11.9% gain in June suggests that revenue gains could remain near 8.5% in the next fiscal year. Revenue then is expected to accelerate slightly to a 9% increase in the following year.

Despite reasonable gains in tax receipts for personal income and sales taxes, weakness in corporate profitability in Georgia raises questions about future employment prospects. During the second quarter, corporate profitability as measured by tax accruals fell 6.5%. This compared with a decline of 6.9% in the winter quarter. In previous quarters, corporate profits rose 15.1%, 15.8%, and 18.3%. Moreover, corporate profits at all state and local governments showed a sharp 21.5% estimated gain in the second quarter following a revised 4.0% gain in the first quarter. Profits at all state and local governments increased 12.7% and 2.2% in earlier quarters. Tax receipts for personal income in Georgia slowed to a gain of 12.4% from an unusually strong 17.0% in the first quarter. In previous quarters personal tax gains were 10.4%, 13.5%, and 7.9%. This compares with increases of only 3.9% for all state and local governments in the second quarter. In earlier quarters, all state and local governments showed increasing income tax collections of 5.2%, 7.6%, 7.6%, and 6.8% respectively. Sales tax receipts in Georgia rebounded slightly to a 7.2% gain following a relatively sluggish 5.5% increase in the first quarter. This compares with gains of 7.5%, 9.4%, and 4.8% in previous quarters. It also compares favorably with the 5.7% quarterly gain for sales tax receipts for all state and local governments. In previous quarters, all state and local governments showed increases of 6.2%, 6.6%, 9.0%, and 8.1% respectively. Although tax collections in Georgia appear to be growing satisfactorily for consumer and household activity, weakness in the corporate sector raises questions about the viability of continued revenue growth at even the 8.5% projected rate.

Summary of Outlook

The long awaited rebound in Georgia's manufacturing did not materialize during the second quarter. Moreover, severe drought conditions undermined activity in agriculture and food processing. Economic growth was an anemic 0.3% in the second quarter according to our estimates. However, the leading indicators once again are suggesting strength ahead. Also, payrolls fell sharply in the second quarter, leading to substantial productivity gains. Corporate tax accruals do not yet reflect the improved profitability that should be generated by these productivity gains, but economic improvement is expected in the months ahead. For 1986, economic activity in Georgia should expand 3%. Growth is expected to slow to a 2.5% rate in 1987 before rebounding to more than a 3% growth rate in 1988.

A substantial discrepancy between employment estimates in the household and establishment surveys suggest that a significant upward revision in employment

activity may materialize next year. Estimated employment gains for the financial and service sector are especially suspect and may require significant upward adjustment. Also, construction activity is beginning to become excessive for the relatively subdued economic expansion that currently is developing in Georgia. Thus, a significant construction decline is expected in the next two years.

While weakness also is expected in building materials and in machinery in 1987, sufficient employment growth is expected in the metals and transportation industries to create improvement in overall manufacturing. A rebound in machinery employment in 1988 will offset continued weakness in building materials and a moderate correction that is anticipated for the transportation equipment industry.

The slump in construction activity nationwide should exert downward pressures upon employment in the carpet industry in 1987. This should combine with weakness in apparel. However, a rebound in food processing following the drought's impact and continued gains in the paper and printing industry should generate modest job growth for nondurable manufacturing during the next two years.

Employment growth should slow modestly in the trade sector, as there is little evidence that retail activity is further extending its overexpansion in Georgia. Of course, existing excess capacity could lead to a more abrupt slowing in retail employment late in 1986, followed by a more significant rebound late in 1987. Slowing in the services component appears to be partially a data problem. Therefore, more rapid expansion of service employment appears to be likely in the next two years than occurred according to official estimates for the first half of 1986. Employment in government should slow along with the slowing in state tax receipts and the exhaustion of previously accumulated tax surpluses. However, no serious budget restraint problems now are forseen for the next two years.

Personal income also should grow more slowly in Georgia as a result of the slowing in employment activity and the more moderate rate of inflation than previously expected. The slump in construction will be apparent in construction earnings during 1987. However, the drought's end, if it materializes, should create a substantial rebound in farm income. Rapid growth is expected to continue in the financial sector as banking in Georgia continues to grow and as brokerage services continue to expand. While nonfarm personal income may grow more slowly in 1987 than in 1986, total personal income in Georgia should be growing more rapidly in the next two years than appears to be developing this year.

While the outlook for Georgia is more subdued than in the recent past, the state already has been able to readjust its retail employment to slower retail needs and should be able to accomplish more moderate and sustainable construction activity without tilting the Georgia economy into recession. Although the Georgia economy is underperforming the nation in the first half of 1986, an anticipated rebound in manufacturing activity should cause the state to outperform the nation late this year and during the subsequent two years. As a result, the rapid inmigration of population should slow only moderately.

EVEN STRIKES ONLY MODERATELY SLOW ATLANTA'S ECONOMIC GROWTH

Recent Conditions & Outlook

While seasonally adjusted payrolls were declining in Georgia as a result of a renewed slump in manufacturing, they continued to move vigorously upward in Atlanta. According to our seasonally adjusted employment figures in Table 5, payroll employment increased 5.3% at annual rates in the second quarter. Moreover, these figures incorporate reduced payrolls as a result of strike activity in June. A strike currently is occurring at one of Atlanta's major auto assembly plants which will significantly reduce employment growth during the third quarter. Personal income also will be impacted. Nevertheless, employment gains should remain significant in Atlanta during the next two years.

As in the remainder of the state, manufacturing employment slowed significantly during the spring. However, manufacturing is not a dominant component of Atlanta's employment. Moreover, employment expanded in the nonelectrical machinery sector and also grew in the important printing sector. Poultry processing was down sharply as a result of weather-related destruction of poultry flocks, but this impact upon food processing is expected to be temporary.

The unusually dry weather caused construction to surge more than normal in the spring. More vigorous than normal construction activity also is expected in the summer months. However, this construction activity appears to be the result of building out current projects rather than dramatically increasing the number of new projects in the Atlanta area. Despite the talk of dramatic overbuilding in Atlanta, the Coldwell Banker survey of office vacancy shows no increase in Atlanta's vacancies over the past six months. This means that the vigorous rate of construction is being met by equally vigorous rates of absorption. Of course, vacancy rates are three percentage points above year ago levels, even if they trail national rates. For example, vacancy rates in downtown Atlanta are 13.8% as compared to 16.8% vacant nationwide. Suburban vacancy rates are 20% in Atlanta as compared to 23.3% in the nation. In comparison to Atlanta, national vacancy rates have risen by a percentage point over the past six months. It now appears that less than two million additional square feet will be added to office inventory in 1986. Despite employment estimates showing a dramatic slowing in the growth of business services, absorption rates during the first six months were more than 500,000 square feet above the record absorption rate of the previous year. Nevertheless, tax reform will make the current vacancy rates unusually burdensome, causing a significant slowing in construction activity during the next two years. Already, quality space in Atlanta is commanding a significant discount, where Class A price rental rates remain near $19 per square foot.

Although Atlanta's picture looks better for office space, it has deteriorated slightly for industrial space. Vacancy rates in Atlanta have now increased one percentage point in the past six months to 4.9%. While this remains below the 5.7% recorded nationwide, it is clear that industrial space is growing more rapidly than Atlanta's ability to absorb that space.

Revised population estimates for Atlanta have caused revisions in potential housing absorption contained in Table 6. According to our estimates, housing activity exceeded need until 1985. However, population growth created demand in

excess of activity in that year. This explains the surge in housing prices metrowide early in 1986. Activity now appears to be consistent with need, although tax changes probably will sharply reduce multi-family activity in the next two years. Indeed, if multi-family activity slows as sharply as projected, Atlanta's housing market will remain relatively tight. Nevertheless, the reduced activity will require reduced construction employment. Thus, a slump in construction activity is anticipated even though the construction indicators for Atlanta are not seriously out of balance.

Fortunately, sufficient job growth is anticipated in all other major sectors to offset the anticipated weakness in construction. As a result, the unemployment rate is expected to rise grudgingly to only 5.2% by 1988. These increases will be sufficient to moderate wage demands relative to the nation. Inmigration also should slow, although projected population gains by year through 1988 exceed average population growth rates during the 1970s.

After adjustment for tax changes, disposable income in the Atlanta metropolitan area currently is growing slightly more than 8%. During the first quarter of 1986, taxable sales were up 7.8% from the previous year. While this is a slowing relative to sales growth in the remainder of Georgia, these gains are broadly consistent with current gains in retail employment in metro Atlanta. Of course, employment gains appear to have been excessive in previous years, but the overstoring of Atlanta did not persist into 1986. Retail employment gains might fall slightly short of the projections late in 1986 and early in 1987. However, a moderate rebound then would be expected in retail employment.

Much of the modest slowing in growth of taxable sales appears to be concentrated in Gwinnett County, where taxable sales increased only 16.6% during the first quarter as compared to a 26.3% rate of increase in the previous year. In Cherokee taxable sales rebounded slightly to a 11.3% gain from 9.9% in the previous quarter. Clayton also saw a modest rebound to a 13.9% gain from 13.1% in the previous quarter. Taxable sales in Cobb increased 8.6% as compared to only a 7.6% gain in the previous quarter. However, taxable sales in DeKalb showed only a 4.6% gain, the lowest increase since the first quarter of 1982. Sales also slowed in Douglas to an increase of only 5.8%, the smallest first quarter increase since 1970. By contrast, sales ballooned 33.5% in Fayette County and even edged upward from 6.0% to 6.3% in Fulton County. Although Gwinnett is the fastest growing large county in the United States, its rate of growth definitely is slowing.

That slowing also is apparent in housing activity, where Gwinnett may relinquish its #1 position in single-family permits to Cobb in 1986. However, increasing housing activity is most surprising in Cherokee for single-family permits and Clayton for multi-family units. Neither of these counties are expected to maintain their relative rates of growth in subsequent years.

In summary, tax changes will cause construction activity to slow significantly in Atlanta during the next two years. Fortunately, continued modest growth in the service sector and more sustainable growth in retail activity suggests that any fallout from the construction slowdown should be modest. Indeed, data revisions may reveal substantially greater gains in service employment than officially reported. For example, new lodging facilities have generated considerably more than the 300 additional jobs contained in the payroll estimates for Atlanta. Cost pressures remain a worry, as site prices in Gwinnett County and wage costs throughout the metropolitan

area are rising more rapidly than the national averages. On the other hand, especially favorable construction weather should continue to restrain office and industrial rental rates during the next few years.

Although employment gains are expected to slow, 3% growth in Atlanta's employment during the next two years during a construction correction certainly must be viewed as acceptable and will exceed the national average.

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Table 1

Georgia Wage & Salary Employment for 1985 and 1986 with Forecasts for 1987 through 1988
(Thousands)

Industry	1985	1986	1987	1988	84-85	85-86	86-87	87-88
1. Mining	8.0	8.0	7.9	7.9	2.5	-0.3	-1.0	0.0
2. Construction	145.6	154.6	148.3	146.9	10.7	6.2	-4.1	-0.9
3. Manufacturing	554.3	558.2	559.4	563.4	1.4	0.7	0.2	0.7
Durables	217.6	219.8	220.8	222.2	4.8	1.0	0.5	0.6
Lumber	35.3	35.1	35.0	34.8	3.8	-0.6	-0.3	-0.6
Furniture	11.9	11.7	11.4	11.3	8.2	-1.7	-2.6	-0.9
Stone, Clay, Glass	19.7	20.5	20.3	20.2	4.8	4.1	-1.0	-0.5
Primary Metals	16.5	16.8	17.3	17.6	1.9	1.8	3.0	1.7
Fabricated Metals	20.6	20.9	21.0	21.0	1.5	1.5	0.5	0.0
Nonelectrical Machinery	25.6	26.1	26.0	26.5	5.8	2.0	-0.4	1.9
Electrical Machinery	27.0	27.5	27.3	28.1	1.9	1.9	-0.7	2.9
Transportation Equipment	48.8	49.6	50.7	50.5	10.7	1.6	2.2	-0.4
Other Durables	12.2	11.6	11.8	12.2	-1.6	-4.9	1.7	3.4
Nondurables	336.6	338.4	338.6	341.2	0.8	0.5	0.1	0.8
Food	58.7	58.5	60.1	60.7	2.6	-0.3	2.7	1.0
Textiles	100.9	101.8	100.1	99.6	-3.8	0.9	-1.7	-0.5
Apparel	71.0	72.0	71.7	72.4	-5.5	1.4	-0.4	1.0
Paper	30.3	30.7	31.1	31.6	1.3	1.3	1.3	1.6
Printing	33.9	35.1	35.5	36.0	10.1	3.5	1.1	1.4
Chemicals	19.3	19.0	19.0	19.3	2.1	-1.6	0.0	1.6
Leather	1.6	1.6	1.5	1.5	-5.8	-1.1	-6.3	0.0
Other Nondurables	20.9	19.7	19.6	20.1	2.5	-5.7	-0.5	2.6
4. Transportation, Comm. & Utilities	162.4	166.0	169.5	174.2	3.8	2.2	2.1	2.8
5. Trade	648.0	671.2	692.6	714.2	7.6	3.6	3.2	3.1
Wholesale	198.0	201.0	203.7	207.9	5.5	1.5	1.3	2.1
Retail	450.0	470.2	488.9	506.3	8.6	4.5	4.0	3.6
6. Finance, Ins. & Real Estate	137.1	142.0	148.2	153.4	6.9	3.6	4.4	3.5
7. Services	463.1	474.4	487.8	500.8	6.8	2.4	2.8	2.7
8. Government	447.3	453.4	459.1	464.2	1.2	1.4	1.3	1.1
Federal	94.1	96.1	96.9	98.0	5.1	2.1	0.8	1.1
State	104.4	104.6	105.3	106.1	0.6	0.2	0.7	0.8
Local	248.8	252.7	256.9	260.1	0.4	1.6	1.7	1.2
Total Wage & Salary Employment	2565.8	2627.8	2672.8	2725.0	4.8	2.4	1.7	2.0
Unemployment Rate	6.5	6.0	6.3	6.6	8.3	-7.7	5.0	4.8

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Table 2

Georgia Personal Income for 1985 and 1986 with Forecasts for 1987 and 1988
(Millions of Dollars)

	1985(r)	1986	1987	1988	84-85	85-86	86-87	87-88
Labor & Proprietors' Income:								
1. Wage & Salary Income	48040	51266	54471	58193	10.2	6.7	6.3	6.8
2. Other Labor Income	5106	5496	5873	6227	12.1	7.6	6.9	6.0
3. Proprietors' Income	3671	3851	4405	4719	-4.6	4.9	14.4	7.1
Farm	446	227	629	682	-50.7	-49.1	177.1	8.4
Nonfarm	3226	3624	3776	4037	9.7	12.3	4.2	6.9
Labor & Proprietors' Income:								
1. Farm	676	457	873	942	-40.0	-32.4	91.0	7.9
2. Mining	218	232	239	248	8.5	6.4	3.1	3.8
3. Contract Construction	3452	3810	3784	3897	13.3	10.4	-0.7	3.0
4. Manufacturing	12302	12503	12936	13513	7.0	1.6	3.5	4.5
Durables	5528	5630	5853	6126	10.5	1.8	4.0	4.7
Nondurables	6774	6873	7083	7387	4.3	1.5	3.1	4.3
5. Transportation & Utilities	5537	5829	6280	6809	9.2	5.3	7.7	8.4
6. Trade	11315	12180	13052	14022	12.5	7.6	7.2	7.4
Wholesale	5613	6096	6536	7038	14.2	8.6	7.2	7.7
Retail	5702	6084	6516	6984	10.8	6.7	7.1	7.2
7. Finance, Ins. & Real Estate	3487	4012	4459	4893	12.3	15.1	11.1	9.7
8. Services	9764	10716	11625	12591	14.1	9.8	8.5	8.3
9. Other Industries	231	257	278	299	22.9	11.3	8.2	7.6
10. Government	9838	10617	11223	11925	7.6	7.9	5.7	6.3
Federal Civilian	2475	2613	2687	2826	8.6	5.6	2.8	5.2
Federal Military	1497	1590	1709	1851	6.1	6.2	7.5	8.3
State & Local	5866	6414	6827	7248	7.5	9.3	6.4	6.2
Plus:								
Property Income	10856	11123	11884	12816	4.6	2.5	6.8	7.8
State U.I. Benefits	218	196	223	247	11.2	-10.1	13.8	10.8
Other Transfers	8681	9327	9784	10303	6.5	7.4	4.9	5.3
Residence Adjustment	-207	-227	-243	-261	24.7	9.7	7.0	7.4
Less: Social Ins. Contributions	3674	3981	4251	4746	16.7	8.4	6.8	11.6
Equals: Total Personal Income	72691	77051	82146	87498	7.8	6.0	6.6	6.5
Nonfarm Personal Income	72015	76594	81273	86556	8.7	6.4	6.1	6.5
% of U.S. Nonfarm	2.27	2.29	2.31	2.32	---	---	---	---
Population	5976	6101	6228	6346	2.29	2.10	2.07	1.89

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Table 3 Atlanta MSA Wage and Salary Employment for 1985 and 1986 with Forecasts through 1988
(Thousands)

Industry	1985	1986	1987	1988	84-85	85-86	86-87	87-88
1. Mining	1.2	1.3	1.3	1.3	9.0	8.3	0.0	0.0
2. Contract Construction	73.4	80.6	78.3	75.2	15.4	9.8	-2.9	-4.0
3. Manufacturing	183.0	185.2	189.6	192.7	4.4	1.2	2.4	1.6
Durables	95.4	98.0	100.3	102.0	7.1	2.7	2.3	1.7
Lumber	4.3	4.4	4.3	4.3	13.2	2.3	-2.3	0.0
Furniture	4.9	5.0	4.9	4.9	6.5	2.0	-2.0	0.0
Stone, Clay, Glass	9.3	9.8	9.7	9.7	6.9	5.4	-1.0	0.0
Primary Metals	7.0	7.6	8.0	8.2	9.4	8.6	5.3	2.5
Fabricated Metals	9.2	9.4	9.4	9.6	4.5	2.2	0.0	2.1
Nonelectrical Machinery	10.2	10.4	10.6	10.9	6.3	2.0	1.9	2.8
Electrical Machinery	13.7	14.4	14.6	15.2	3.8	5.1	1.4	4.1
Transportation Equipment	31.3	32.0	33.7	33.9	9.4	2.2	5.3	0.6
Other Durables	5.6	5.0	5.1	5.3	5.7	-10.7	2.0	3.9
Nondurables	87.5	87.2	89.3	90.7	1.5	-0.3	2.4	1.6
Food	20.2	19.5	20.3	20.6	1.5	-3.5	4.1	1.5
Textiles	7.7	7.3	7.1	7.0	-8.3	-5.2	-2.7	-1.4
Apparel	12.6	12.5	12.7	12.7	-4.5	-0.8	1.6	0.0
Paper	8.5	8.5	8.6	8.7	1.2	0.0	1.2	1.2
Printing	21.3	22.4	23.3	24.2	7.5	5.2	4.0	3.9
Chemicals	9.8	9.9	10.1	10.2	5.4	1.0	2.0	1.0
Other Nondurables	7.4	7.1	7.2	7.3	1.4	-4.1	1.4	1.4
4. Transportation, Comm. & Utilities	104.6	106.5	109.1	112.0	4.2	1.8	2.4	2.7
5. Trade	364.4	378.5	393.5	409.2	7.9	3.9	4.0	4.0
Wholesale	131.5	134.9	138.3	141.5	6.0	2.6	2.5	2.3
Retail	232.9	243.6	255.2	267.7	9.0	4.6	4.8	4.9
6. Finance, Ins. and Real Estate	89.4	92.5	95.6	99.3	8.5	3.5	3.4	3.9
7. Services	278.5	292.3	305.7	318.4	7.7	5.0	4.6	4.2
8. Government	177.0	182.2	186.0	189.8	1.5	2.9	2.1	2.0
Federal	38.3	39.6	40.3	41.0	6.1	3.4	1.8	1.7
State	35.3	35.6	36.1	36.6	0.3	0.8	1.4	1.4
Local	103.5	107.0	109.6	112.2	0.5	3.4	2.4	2.4
Total Wage & Salary Employment	1271.5	1319.1	1359.1	1397.9	6.5	3.7	3.0	2.9
Unemployment Rate	5.0	4.5	4.9	5.2	4.2	-10.0	8.9	6.1

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Table 4 Atlanta MSA Personal Income for 1985 and 1986 with Forecasts through 1988
(Millions of Dollars)

	1985	1986	1987	1988	84-85	85-86	86-87	87-88
Labor & Proprietors' Income:								
1. Wage & Salary Income	26663	28958	31245	33676	12.3	8.6	7.9	7.8
2. Other Labor Income	2753	2978	3196	3397	12.9	8.2	7.3	6.3
3. Proprietors' Income	1745	1924	2067	2229	7.6	10.3	7.4	7.8
Farm	78	38	91	96	-30.4	-51.3	139.5	5.5
Nonfarm	1667	1886	1976	2133	10.5	13.1	4.8	7.9
Labor & Proprietors' Income:								
1. Farm	94	53	108	115	-26.0	-43.6	103.8	6.5
2. Contract Construction	1881	2144	2155	2153	18.0	14.0	0.5	-0.1
3. Manufacturing	4864	4979	5260	5550	9.5	2.4	5.6	5.5
Durables	2866	2967	3139	3321	12.8	3.5	5.8	5.8
Nondurables	1998	2012	2121	2229	5.0	0.7	5.4	5.1
4. Transportation & Utilities	3844	4032	4355	4716	9.6	4.9	8.0	8.3
5. Trade	7569	8209	8881	9605	13.2	8.5	8.2	8.2
Wholesale	4351	4773	5173	5582	14.7	9.7	8.4	7.9
Retail	3218	3436	3708	4023	11.3	6.8	7.9	8.5
6. Finance, Ins. & Real Estate	2499	2874	3164	3484	13.9	15.0	10.1	10.1
7. Services	6378	7169	7907	8682	15.0	12.4	10.3	9.8
8. Other Industries	160	177	192	207	20.4	10.6	8.3	7.7
9. Government	3872	4223	4486	4790	8.1	9.1	6.2	6.8
Federal Civilian	1114	1190	1236	1307	9.6	6.9	3.8	5.8
Federal Military	230	244	260	278	6.9	6.0	6.8	7.0
State & Local	2528	2789	2990	3205	7.5	10.3	7.2	7.2
Plus:								
Property Income	5127	5338	5727	6185	4.3	4.1	7.3	8.0
Transfer Payments	3176	3392	3572	3775	6.9	6.8	5.3	5.7
Residence Adjustment	-1126	-1138	-1203	-1184	9.9	1.1	5.7	-1.6
Less: Social Ins. Contributions	2041	2251	2441	2750	18.9	10.3	8.4	12.7
Equals: Total Personal Income	36297	39201	42163	45328	10.1	8.0	7.6	7.5
Nonfarm Personal Income	36203	39148	42055	45213	10.3	8.1	7.4	7.5
% of Georgia Nonfarm	50.27	51.11	51.75	52.24	---	---	---	---
Population (#,Thousands)	2492	2578	2663	2744	3.70	3.44	3.30	3.04

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Table 5

Seasonally Adjusted Nonagricultural Employment
(Thousands)

	Georgia						Atlanta					
	85-2	85-3	85-4	86-1(r)	86-2(p)	June(p)	85-2	85-3	85-4	86-1(r)	86-2(p)	June(p)
Total	2555.8	2575.4	2601.8	2629.4	2619.9	2625.2	1265.9	1279.0	1292.2	1301.0	1317.8	1313.7
Mining	8.0	8.0	8.0	8.1	8.1	7.9	1.2	1.3	1.2	1.2	1.3	1.3
Contract Construction	143.6	143.3	151.9	154.0	156.7	154.8	72.7	73.1	77.1	75.0	81.3	82.5
Manufacturing	551.7	552.5	558.3	566.2	555.5	552.7	182.2	183.1	184.3	187.2	184.3	183.4
Durables	217.1	217.2	219.3	224.1	218.6	216.4	94.8	95.7	96.8	99.1	97.7	96.4
Lumber	35.4	35.2	35.4	35.5	34.8	35.1	4.4	4.4	4.3	4.2	4.3	4.4
Furniture	12.0	12.1	12.0	12.1	11.7	11.5	4.9	5.0	5.0	4.8	5.0	5.1
Stone, Clay, Glass	19.6	19.7	20.0	20.5	20.6	20.6	9.1	9.4	9.7	10.0	9.8	9.7
Primary Metals	16.6	16.6	16.4	17.0	16.0	14.5	6.9	7.1	7.2	7.8	7.1	5.6
Fabricated Metals	20.6	20.6	20.9	21.2	20.7	20.5	9.2	9.3	9.3	9.3	9.3	9.4
Nonelectrical Machinery	25.3	25.5	26.1	26.7	25.5	25.4	10.0	10.2	10.5	10.2	10.4	10.3
Electrical Machinery	26.8	26.9	27.0	28.0	27.7	27.3	13.6	13.8	13.8	14.5	14.3	14.3
Transportation Equipment	48.3	48.2	50.0	51.2	50.3	49.8	31.0	30.5	32.0	33.1	32.5	32.6
Other Durables	12.6	12.3	11.6	11.9	11.3	11.7	5.7	6.0	5.0	5.2	5.0	5.0
Nondurables	334.7	335.6	338.8	342.1	336.9	336.3	87.4	87.4	87.6	88.1	86.6	87.0
Food	58.6	58.6	59.3	60.0	58.7	58.6	20.3	20.0	20.2	20.1	19.4	19.4
Textiles	100.2	100.2	101.1	102.3	100.4	101.0	7.9	7.7	7.3	7.4	7.3	7.4
Apparel	70.6	70.5	71.4	72.8	72.4	70.8	12.6	12.5	12.5	12.8	12.3	12.3
Paper	30.0	30.3	30.4	30.9	30.7	30.6	8.4	8.5	8.6	8.5	8.5	8.5
Printing	33.7	34.2	34.6	34.9	34.8	35.1	21.2	21.4	21.8	22.1	22.2	22.4
Chemicals	19.3	19.3	19.4	19.2	18.7	19.0	9.6	9.8	10.1	10.1	9.8	9.8
Leather	1.6	1.6	1.5	1.6	1.6	1.6	---	---	---	---	---	---
Other Nondurables	20.7	20.9	21.2	20.4	19.6	19.6	7.4	7.5	7.1	7.1	7.1	7.2
Transportation, Comm. & Util.	162.2	162.6	163.6	165.3	165.0	166.4	104.7	104.7	105.3	106.5	106.5	106.1
Trade	645.1	653.5	658.4	666.7	666.7	672.2	362.4	368.3	370.6	371.2	376.6	378.0
Wholesale	197.8	198.7	200.3	200.6	200.5	201.0	131.1	132.2	134.0	132.7	134.4	135.1
Retail	447.1	454.8	458.6	466.1	466.2	471.2	231.4	235.3	237.3	238.5	242.2	243.6
Finance, Ins. & Real Estate	136.2	138.2	139.8	142.1	141.7	141.8	88.7	90.5	91.1	92.6	92.5	92.4
Services	460.6	466.0	472.8	472.6	473.3	474.4	276.1	280.1	286.0	285.3	292.7	286.6
Government	448.4	448.4	449.1	454.4	452.9	455.0	177.7	177.9	176.7	182.0	182.6	182.7
Federal	94.0	94.3	95.8	98.4	96.7	95.9	38.6	38.1	38.5	40.4	39.8	39.2
State & Local	353.9	353.9	353.5	356.0	356.2	359.1	139.4	139.5	138.3	141.6	142.8	143.5

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Table 6 Metro Atlanta Housing Permits for 1983 through 1985 with Forecasts through 1988

	1983		1984		1985		1986		1987		1988	
County	single	multi	single	multi	single	multi	single	multi	single	multi	single	multi
Butts	----	----	----	---	66	4	60	0	60	0	55	0
Cherokee	1172	14	1466	28	1632	155	2520	220	2380	235	2440	220
Clayton	1269	6	1143	576	1408	1424	1510	1800	1360	1100	1240	550
Cobb	5986	4243	6365	3095	6140	2576	6500	2460	6300	1650	6420	1460
DeKalb	3119	4371	3227	2965	3591	3397	4100	3130	3860	2460	3520	1730
Douglas	658	6	533	8	705	186	900	110	950	100	1020	120
Fayette	----	----	----	----	692	0	725	0	730	0	790	0
Forsyth	463	14	609	57	720	74	770	50	780	40	840	20
Fulton	2634	2252	2979	3680	3198	3992	3650	4100	3310	3300	2985	2750
Gwinnett	5980	3226	5977	6155	7117	3911	6360	3360	6050	2620	6270	2150
Henry	602	18	656	56	902	123	1240	170	1410	260	1380	420
Newton	----	----	----	----	311	14	340	50	410	30	440	30
Paulding	----	----	----	----	718	0	950	10	930	10	980	20
Rockdale	437	144	623	83	692	120	1010	350	1040	450	1100	200
Walton	----	----	----	----	286	0	300	0	300	0	320	0
Total	22320	14394	23653	16703	28178	15976	30935	15810	29870	12255	29800	9670
% Change From Previous Year	+60.2	+129.8	+6.0	+16.0	+10.6	-4.5	+9.8	-1.0	-3.4	-22.5	-0.2	-21.1
% Change in Total (single + multi)	+81.7		+9.9		+3.9		+5.9		-9.9		-6.3	
Estimated Potential Absorption (000)	33.0		40.6		47.4		45.4		44.9		42.9	

NOTE: The 1983 % change figures do not include Marietta. Totals for 1982 do not contain Marietta. Marietta figures are included in 1983 totals and beyond. Condominiums are included in the multi-family totals. Fee simple town homes are included in the single-family category. Counties added in 1985 are in totals for that year but are not included in changes until 1986.

Source: Homebuilders Association of Metro Atlanta

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Table 7

Atlanta Employment in 1991

	1985	1991	% Change	Annual Rate	Previous Annual Rate
Mining	1.2	1.3	8.3	1.3	N/A
Construction	73.4	85.6	16.6	2.6	4.7
Manufacturing	183.0	202.1	10.4	1.7	1.1
Durables:	95.4	107.6	12.8	2.0	2.0
Lumber	4.3	4.5	4.7	0.8	1.7
Furniture	4.9	5.2	6.1	1.0	3.6
Stone, Clay, Glass	9.3	10.0	7.5	1.2	0.0
Primary Metals	7.0	8.9	27.1	4.1	1.7
Fabricated Metals	9.2	10.2	10.9	1.7	2.2
Nonelectrical Machinery	10.2	11.7	14.7	2.3	4.0
Electrical Machinery	13.7	17.0	24.1	3.7	2.4
Transportation Equipment	31.3	34.5	10.2	1.6	1.6
Other Durables	5.6	5.6	0.0	0.0	0.9
Nondurables:	87.5	94.5	8.0	1.3	0.1
Food	20.2	21.9	8.4	1.4	1.0
Textiles	7.7	6.5	-15.6	-2.8	-2.8
Apparel	12.6	13.0	3.2	0.5	0.1
Paper	8.5	9.0	5.9	1.0	-0.4
Printing	21.3	26.1	22.5	3.4	0.4
Chemicals	9.8	10.5	7.1	1.2	0.9
Other Nondurables	7.4	7.5	1.4	0.2	-0.7
Transportation, Comm. & Utilities	104.6	121.3	16.0	2.5	3.5
Trade:	364.4	455.2	24.9	3.8	3.9
Wholesale	131.5	154.5	17.5	2.7	2.2
Retail	232.9	300.7	29.1	4.4	4.8
Finance, Ins. & Real Estate	89.4	112.4	25.7	3.9	4.9
Services	278.5	374.6	34.5	5.1	7.0
Government:	177.1	210.3	18.7	2.9	1.9
Federal	38.3	45.9	19.8	3.1	2.5
State	35.3	38.8	9.9	1.6	N/A
Local	103.5	125.6	21.4	3.3	N/A
Total Wage & Salary	1271.5	1562.8	22.9	3.5	4.0
Population	2492	3035	22.5	3.34	2.71

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Table 8

Atlanta Personal Income in 1991

	1985	1991	% Change	Annual Rate	Previous Estimated Growth Path
Labor & Proprietors' Income :					
1. Wage & Salary Income	26663	44664	67.5	9.0	10.2
Other Labor Income	2753	4192	52.3	7.3	9.9
3. Proprietors' Income:	1745	2841	62.8	8.5	8.3
Farm	78	112	43.6	6.2	6.4
Nonfarm	1667	2729	63.7	8.6	8.4
Labor & Proprietors' Income:					
1. Farm	94	136	44.7	6.4	6.7
2. Contract Construction	1881	2818	49.8	7.0	9.2
3. Manufacturing:	4864	6735	38.5	5.6	7.4
Durables	2866	4064	41.8	6.0	8.6
Nondurables	1998	2671	33.7	5.0	5.6
4. Transportation, Comm. & Utilities	3844	6027	56.8	7.8	9.8
5. Trade:	7569	12389	63.7	8.6	9.5
Wholesale	4351	7192	65.3	8.7	9.4
Retail	3218	5197	61.5	8.3	9.6
6. Finance, Insurance & Real Estate	2499	4732	89.4	11.2	13.0
7. Services	6378	12257	92.2	11.5	13.4
8. Other Industries	160	268	67.4	9.0	10.3
9. Government:	3872	6335	63.6	8.6	7.7
Federal Civilian	1114	1727	55.0	7.6	6.5
Federal Military	230	359	56.1	7.7	5.4
State & Local	2528	4249	68.1	9.0	8.4
Plus:					
Property Income	5127	7855	53.2	7.4	8.0
Transfer Payments	3176	4492	41.4	5.9	7.1
Residence Adjustment	-1126	-1385	----	---	---
Less: Social Ins. Contributions	2041	3976	94.8	11.8	12.7
Equals: Total Personal Income	36297	58683	61.7	8.3	9.6
Real Personal Income*	10707	12917	20.6	3.2	3.6
Atlanta CPI	339.0	454.3	34.0	5.0	5.7

* Assuming CPI rises 4.5% per year, adjusted to reflect differences from national purchasing power, and to eliminate CPI bias.

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